The following is the text of a report, prepared for the purpose of incorporation in this document, received from our Company's Reporting Accountants, [•], Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN PU YING INNOVATION TECHNOLOGY CORPORATION LIMITED AND EDDID CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Pu Ying Innovation Technology Corporation Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at December 31, 2024 and 2025, and the statements of financial position of the Company as at December 31, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the **[REDACTED]** of the shares of the Company on Growth Enterprise Market 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as 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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial positions of the Group and the Company as at December 31, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on Growth Enterprise Market of 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-[•] have been made.

We refer to note [11] to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by [•] in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
REVENUE	5	142,943	131,515
Cost of sales		(95,342)	(85,624)
Gross profit		47,601	45,891
Other income and gain	5	5,421	2,568
Selling and distribution expenses		(13,132)	(14,238)
Administrative expenses		(15,142)	(18,566)
Research and development expenses		(8,917)	(11,743)
Reversal of impairment/(impairment) of financial assets at amortised cost, net		(993)	276
Finance costs	7	(313)	(148)
PROFIT BEFORE TAX	6	14,525	4,040
Income tax	10	(6,542)	(1,509)
PROFIT FOR THR YEAR		7,983	2,531
OTHER COMPREHENSIVE LOSS/(INCOME)			
Other comprehensive loss/(income) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(1,190)	27
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,793	2,558
Profit for the year attributable to:			
Owners of the parent		7,983	2,531
Total comprehensive income for the year attributable to:			
Owners of the parent		6,793	2,558
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		RMB10 cents	RMB3 cents
Diluted		RMB10 cents	RMB3 cents

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	13	59,901	54,436
Right-of-use assets	14	1,003	1,059
Intangible assets	15	2,159	1,080
Equity investment designated at fair value through other comprehensive income	16	–	–
Prepayments and deposits	19	275	244
Deferred tax assets	24	3,030	2,969
Total non-current assets		66,368	59,788
CURRENT ASSETS			
Inventories	17	31,576	25,415
Trade and bills receivables	18	23,818	18,068
Prepayments, deposits and other receivables	19	6,284	6,883
Tax recoverable		116	593
Cash and cash equivalents	20	72,811	92,668
Total current assets		134,605	143,627
CURRENT LIABILITIES			
Trade payables	21	8,738	18,330
Other payables and accruals	22	15,814	18,051
Interest-bearing bank borrowings	23	8,453	–
Lease liabilities	14	545	668
Tax payable		1	736
Total current liabilities		33,551	37,785
NET CURRENT ASSETS		101,054	105,842
TOTAL ASSETS LESS CURRENT LIABILITIES		167,422	165,630
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	248	–
Lease liabilities	14	519	444
Provisions	25	952	1,140
Total non-current liabilities		1,719	1,584
Net assets		165,703	164,046

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	78,500	78,500
Reserves	27	87,203	85,546
Total equity		165,703	164,046

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to owners of the parent							
		Share capital	Shares held under restricted share award scheme	Fair value reserve of a financial asset at fair value through other comprehensive income	Capital reserve	Exchange fluctuation reserve	Surplus reserve	Retained profits	Total equity
		RMB'000 (note 26)	RMB'000 (note 28)	RMB'000	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000
At January 1, 2024		78,500	(6,450)	(4,730)	91,666	332	4,068	10,068	173,454
Profit for the year		–	–	–	–	–	–	7,983	7,983
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	(1,190)	–	–	(1,190)
Total comprehensive income for the year		–	–	–	–	(1,190)	–	7,983	6,793
Transfer of reserves		–	–	–	–	–	1,472	(1,472)	–
Purchase of shares held under the restricted share award scheme	28	–	(8,500)	–	–	–	–	–	(8,500)
Dividend	11	–	–	–	–	–	–	(6,044)	(6,044)
At December 31, 2024		78,500	(14,950)*	(4,730)*	91,666*	(858)*	5,540*	10,535*	165,703

	Notes	Attributable to owners of the parent								
		Share capital	Shares held under restricted share award scheme	Fair value reserve of a financial asset at fair value through other comprehensive income	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Surplus reserve	Retained profits	Total equity
		RMB'000 (note 26)	RMB'000 (note 28)	RMB'000	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000	RMB'000
At January 1, 2025		78,500	(14,950)	(4,730)	91,666	–	(858)	5,540	10,535	165,703
Profit for the year		–	–	–	–	–	–	–	2,531	2,531
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	–	27	–	–	27
Total comprehensive income for the year		–	–	–	–	–	27	–	2,531	2,558
Transfer of reserves		–	–	–	–	–	–	122	(122)	–
Share award arrangements	28	–	–	–	–	2,457	–	–	–	2,457
Dividend	11	–	–	–	–	–	–	–	(6,672)	(6,672)
At December 31, 2025		78,500	(14,950)*	(4,730)*	91,666*	2,457*	(831)*	5,662*	6,272*	164,046

* These reserve accounts comprise the consolidated reserves of RMB87,203,000 and RMB85,546,000 in the consolidated statements of financial position as at December 31, 2024 and 2025 respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		14,525	4,040
Adjustments for:			
Finance costs	7	313	148
Interest income	5	(2,805)	(2,138)
Depreciation of property, plant and equipment	6	6,433	5,848
Depreciation of right-of-use assets	6	651	657
Amortisation of intangible assets	6	1,155	1,169
Loss on disposal/write-off of items of property, plant and equipment, net	6	80	26
Write-off of intangible assets	6	–	54
Write-down of inventories to net realisable value	6	2,073	4,167
Impairment/(reversal of impairment) of trade receivables, net	6	984	(308)
Impairment of other receivables, net	6	9	32
Equity-settled share-based payment expense	6	–	2,457
		23,418	16,152
Decrease in inventories		7,466	2,406
(Increase)/decrease in trade and bills receivables		(6,989)	6,798
Decrease/(increase) in prepayments, deposits and other receivables		441	(488)
(Decrease)/increase in trade payables		(10,004)	9,396
(Decrease)/increase in other payables and accruals		(1,618)	3,946
(Decrease)/increase in provisions		(221)	106
Cash generated from operations		12,493	38,316
Tax paid		(910)	(1,306)
Tax refunded		276	–
Interest received		2,805	2,138
Net cash flows from operating activities		14,664	39,148
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(1,950)	(1,053)
Additions to intangible assets		(73)	(142)
Proceeds from disposals of items of property, plant and equipment		1,090	268
Net cash flows used in investing activities		(933)	(927)

		Year ended December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(255)	(108)
Dividends paid		(6,044)	(6,672)
New bank borrowings		9,920	–
Repayment of bank borrowings		(9,667)	(8,453)
Repurchases of shares		(4,250)	(4,250)
Proceeds from grant of share awards		–	2,000
Principal portion of lease payments		(642)	(668)
Interest portion of lease payments		(58)	(40)
Net cash flows used in financing activities		(10,996)	(18,191)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,735	20,030
Cash and cash equivalents at beginning of year		71,523	72,811
Effect of foreign exchange rate changes, net		(1,447)	(173)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	72,811	92,668

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investments in subsidiaries	31	100,383	100,383
Property, plant and equipment	13	638	494
Right-of-use assets	14	370	185
Intangible assets	15	2,141	1,058
Prepayments and deposits	19	162	152
Deferred tax assets	24	1,046	580
Total non-current assets		104,740	102,852
CURRENT ASSETS			
Inventories	17	1,982	4,744
Trade and bills receivables	18	10,997	6,296
Prepayments, deposits and other receivables	19	4,072	5,318
Due from subsidiaries	32	28,315	33,469
Tax recoverable		–	519
Cash and cash equivalents	20	59,967	71,264
Total current assets		105,333	121,610
CURRENT LIABILITIES			
Trade payables	21	1,828	832
Other payables and accruals	22	8,815	5,677
Due to a subsidiary	33	16,121	46,276
Interest-bearing bank borrowings	23	8,453	–
Lease liabilities	14	185	193
Total current liabilities		35,402	52,978
NET CURRENT ASSETS		69,931	68,632
TOTAL ASSETS LESS CURRENT LIABILITIES		174,671	171,484

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities	14	193	–
Total non-current liabilities		193	–
Net assets		174,478	171,484
EQUITY			
Issued capital	26	78,500	78,500
Reserves	27	95,978	92,984
Total equity		174,478	171,484

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shenzhen Pu Ying Innovation Technology Corporation Limited is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on June 18, 2012. The address of the registered office of the Company is 2211-C309, Building 1, Xincheng Plaza, No. 127 Baomin 2nd Road, Hedong Community, Xixiang Subdistrict, Bao'an District, Shenzhen, PRC. The principal place of business of the Company is located at Unit 1812, West Tower, Coastal Building, No. 33 Wenxin 5th Road, Haizhu Community, Yuehai Subdistrict, Nanshan District, Shenzhen, PRC.

During the Relevant Periods, the Group was principally engaged in the manufacture and sale of digital office equipment and printer assembly parts.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pu Ying Olicom Technology Hong Kong Limited *(note (a),(d))*	Hong Kong April 5, 2016	HK$450,000	100	–	Investment holding and import and export trading of printers
Zhuhai Puying Innovation Technology Co., Ltd. *(note (b),(d))**	PRC/Chinese mainland July 26, 2018	RMB100,000,000	100	–	Development and manufacturing of intelligent printing equipment and related products
Olicom International SRL *(note (c))*	Italy May 25, 2016	EUR100,000	–	100	Development, marketing and sale of hardware, software and information technology solutions

* The English name of this entity registered in the PRC represents the best efforts made by the management of the Company to directly translate its Chinese name as it does not register any official English name.

Notes:

(a) The statutory financial statements of this entity for the year ended December 31, 2024 prepared under Hong Kong Small and Medium-Sized Entity Financial Reporting Standard were audited by Hiller CPA Limited, a certified public accounting firm registered in Hong Kong.

(b) The statutory financial statements of this entity for the year ended December 31, 2024 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Zhongzheng Tiantong Certified Public Accountants LLP Shenzhen Branch, a certified public accounting firm registered in the PRC.

(c) The statutory financial statements of this entity for the years ended December 31, 2024 and 2025 prepared under Italian accounting principles, issued by the Italian Accounting Body, were audited by Crowe Bompani Srl a Socio Unico, a certified public accounting firm registered in Italy.

(d) The audit of the financial statements of these entities for the year ended December 31, 2025 has not yet completed.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for an equity investment designated at fair value through other comprehensive income which has been measured at fair value.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual periods beginning on or after January 1, 2026
2 Effective for annual/reporting periods beginning on or after January 1, 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also required disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosures will be included in the financial statements. Except for HKFRS 18, the other new or amended HKFRS Accounting Standards are not expected to have any significant impact on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its equity investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 to 10 years
Plant and machinery	5 to 10 years
Buildings	27 years
Building improvements	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks, patents and licences

Purchased trademarks, patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years.

Research and development costs

All research costs are charged to the statements of profit or loss and other comprehensive income as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follow:

Properties	2 to 12 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of printing machines that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or payables.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Shares held under the restricted share award scheme

Where shares of the Company are purchased from the market for a restricted share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held under the restricted share award scheme" and deducted from equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products. Provisions are initially recognised based on sales volume and past experience, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of mission-critical specialised printers and all-in-one printing & scanning equipment

Revenue from the sale of mission-critical specialised printers and all-in-one printing & scanning equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the mission-critical specialised printers and all-in-one printing & scanning equipment.

Sale of smart kiosks & terminals

Revenue from smart kiosks & terminals is recognised at a point in time when the solutions is provided and accepted by the customer.

Sale of consumables, spare parts and other products

Revenue from the sale of consumables, spare parts and other products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery or acceptance of the products as agreed in the sales contracts.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a restricted share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method with the consideration of discount for lack of marketability ("**DLOM**"), further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of unvested shares held under the restricted share award scheme is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Chinese mainland and Italy are required to participate in central pension schemes operated by the local governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant and Italy to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Dividends

The Articles of Association of the Company grants the board of directors of the Company the right to formulate the dividend plan and dividend distributions are approved in the general meeting. Dividend distributions are recognised as a liability when they are approved in the general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details are contained in note 24 to the Historical Financial Information.

Estimation uncertainty

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets as at December 31, 2024 and 2025, were RMB63,063,000 and RMB56,575,000, respectively, and no indication of impairment for non-financial assets was identified by the Group.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates/relevant external information are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates/relevant external information, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience/relevant external information and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Write-down of inventories to net realisable value

Management reviews the condition of inventories of the Group and writes down the carrying amounts of obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use to their respective net realisable values. The Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions at the end of each of the reporting periods.

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been made. The carrying amount of inventories at December 31, 2024 and 2025 were RMB31,576,000 and RMB25,415,000 respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of digital office equipment and printer assembly parts. For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resource are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Chinese mainland	8,623	10,874
Asia (other than Chinese mainland)	94,020	78,949
Europe	11,657	30,930
North America	14,947	5,838
Others	13,696	4,924
Total revenue	142,943	131,515

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Chinese mainland	60,909	54,997
Hong Kong	1,761	1,247
Italy	494	403
Total non-current assets	63,164	56,647

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Information about major customers

Revenue from transactions with single external customers amounting to 10% or more of the Group's revenues are as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Customer A	N/A*	14,994
Customer B	20,911	N/A*
Customer C	18,116	N/A*

* Less than 10% of the total revenue of the Group in the respective years.

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers	142,943	131,515

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Types of goods		
Mission-critical specialised printers and all-in-one printing & scanning equipment	120,674	112,050
Smart kiosks & terminals	8,105	5,216
Consumables, spare parts and other products	14,164	14,249
Total	142,943	131,515

The Group's entire revenue from the goods transferred is recognised at a point in time.

The following table shows the amount of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods:		
Sale of goods	1,362	1,230

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of mission-critical specialised printers and all-in-one printing & scanning equipment

Revenue from mission-critical specialised printers and all-in-one printing & scanning equipment consists of four major product series tailored for banking, postal, retail and public institution scenarios, namely PR2 series (including M355 PLUS), MB2 series (including MB2 ADF), PR9 series and PR4 series. Each category of the product is identified as a separate performance obligation, with revenue recognised at a point in time when the customer accepts the delivered product and obtains control of the product. The payment is mainly due within 3 months from delivery or made in advance.

Sale of smart kiosks & terminals

Revenue from smart kiosks & terminals consists of six major categories: document scanning devices, self-service terminals, information interaction terminals, EMR series products, BP series magnetic card equipment, and thermal printing equipment. Each category of the product is identified as a separate performance obligation, with revenue recognised at a point in time when the customer accepts the delivered product and obtains control of the product. The payment is mainly due within 3 months from delivery or made in advance.

Sale of consumables, spare parts and other products

Revenue from consumables, spare parts and other products consists of original consumables and professional spare parts designed to match all of the mission-critical specialised printers and all-in-one printing & scanning equipment and smart kiosks & terminals. Each of which represents a distinct performance obligation under the contract. The performance obligation is satisfied upon the acceptance of delivered supporting consumables and professional spare parts and payment is mainly due within 3 months from delivery or made in advance.

Practical expedient

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed because all the remaining performance obligations are part of respective contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Other income		
Bank interest income	2,805	2,138
Government grants*	398	107
Sale of scraps	173	131
Others	13	192
	3,389	2,568
Gain		
Foreign exchange gains	2,032	–
	5,421	2,568

* The government grants mainly represent incentives awarded by the Chinese government to support the Group's business operation. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
Cost of inventories sold		93,269	81,457
Write-down of inventories to net realisable value**		2,073	4,167
Depreciation of property, plant and equipment	13	6,433	5,848
Depreciation of right-of-use assets	14	651	657
Amortisation of intangible assets#	15	1,155	1,169
Lease payments not included in the measurement of lease liabilities	14	706	674
Research and development expenses		8,917	11,743
Auditors' remuneration		220	521
Employee benefit expense (including directors' and supervisors' remuneration *(note 8)*)@			
Salaries, bonuses and other benefits		33,442	33,301
Equity-settled share-based payment expense	28	–	2,457
Pension scheme contributions (defined contribution schemes)***		1,393	1,548
		34,835	37,306
Impairment/(reversal of impairment) of trade receivables, net^	18	984	(308)
Impairment of other receivables, net^	19	9	32
Loss on disposal/write-off of items of property, plant and equipment, net*		80	26
Write-off of intangible assets	15	–	54
Foreign exchange differences, net*		(2,032)	2,737

* These gains are included in "Other income and gain" and the losses are included in "Administrative expenses", as appropriate, in the consolidated statements of profit or loss and other comprehensive income.

** Included in "Cost of sales" in the consolidated statements of profit or loss and other comprehensive income.

^ These are included in "Reversal of impairment/(impairment) of financial assets, net" in the consolidated statement of profit or loss and other comprehensive income.

@ Employee benefit expense is included in "Cost of sales", "Administrative expenses", "Selling and distribution expenses" and "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

Amortisation of intangible assets is included in "Administrative expenses", "Selling and distribution expenses" and "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

		Year ended December 31,	
	Note	**2024**	**2025**
		RMB'000	*RMB'000*
Interest on bank borrowings		255	108
Interest on lease liabilities	14	58	40
		313	148

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of the Company's directors and supervisors during the Relevant Periods is set out below:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	4,198	4,263
Performance related bonuses*	2,080	1,074
Equity-settled share-based payment expense	–	1,229
Pension scheme contributions (defined contribution schemes)	128	150
Total	6,406	6,716

* Based on the Group's performance

During the year ended December 31, 2025, certain directors were granted shares under the restricted share award scheme, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

Subsequent to the end of the Relevant Periods, Mr. Li Siu Bun, Ms. Wong Yee Shuen Regina and Ms. Wu Ying were appointed as independent non-executive directors of the Company on [•].

There were no fees or other emoluments paid or payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisors

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zheng Xiaohui	1,495	650	–	50	2,195
Ms. Zhao Hui	1,013	650	–	50	1,713
Ms. Chen Deying	965	500	–	–	1,465
Subtotal	3,473	1,800	–	100	5,373
Non-executive directors:					
Mr. Zhang Peng	–	–	–	–	–
Ms. Gao Huanming	–	–	–	–	–
Mr. Ji Wenjie	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Lei Min	239	110	–	14	363
Mr. Xu Bo	271	110	–	–	381
Mr. Li Dan	215	60	–	14	289
Subtotal	725	280	–	28	1,033
Total	4,198	2,080	–	128	6,406

Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Zheng Xiaohui	1,527	379	–	67	1,973
Ms. Zhao Hui	1,041	365	–	67	1,473
Ms. Chen Deying	965	120	614	–	1,699
Subtotal	3,533	864	614	134	5,145
Non-executive directors:					
Mr. Zhang Peng	–	–	–	–	–
Ms. Gao Huanming	–	–	–	–	–
Mr. Ji Wenjie	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Lei Min	235	80	123	8	446
Mr. Xu Bo	272	80	246	–	598
Mr. Li Dan	223	50	246	8	527
Subtotal	730	210	615	16	1,571
Total	4,263	1,074	1,229	150	6,716

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2024 and 2025 included three directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining two highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods are as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries and allowances	2,572	2,681
Performance related bonuses	158	30
Pension scheme contributions	343	359
Total	3,073	3,070

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended December 31,	
	2024	**2025**
HK$1,000,001 to HK$1,500,000	1	1
HK$2,000,001 to HK$3,000,000	1	1
Total	2	2

The non-director and non-supervisor highest paid employees are also members of senior management of the Group. During the Relevant Periods, no remuneration was paid by the Group to the highest paid non-director or non-supervisor individual as an inducement to join or upon joining the Group, or as a compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations, the Company and its subsidiaries which operate in the Chinese mainland are subject to income tax at a rate of 25% on their respective taxable income.

Hong Kong

During the Relevant Periods, one subsidiary of the Group, Pu Ying Olicom Technology Hong Kong Limited, is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Other jurisdictions

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Current		
Hong Kong profits tax	533	338
Chinese mainland – income tax	–	606
Elsewhere – income taxes	53	604
Underprovision in prior years	163	87
Deferred *(note 24)*	5,793	(126)
Total tax charge for the year	6,542	1,509

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Profit before tax	14,525	4,040
Tax at the statutory tax rate of 25% (2024: 25%)	3,631	1,010
Effect of different tax rates in other jurisdictions	(93)	33
Adjustments in respect of current tax of previous periods	163	87
Tax effect of intergroup dividends	1,769	–
Income not subject to tax	(22)	(27)
Expenses not deductible for tax	121	23
Tax losses not recognised	–	63
Tax losses utilised from previous periods	(23)	–
Others	996	320
Tax charge at the Group's effective tax rate	6,542	1,509

11. DIVIDENDS

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Dividends	6,044	6,672

On July 27, 2024, the Company declared an interim dividend of RMB0.08 per share, totalling approximately RMB6,044,000 to its shareholders.

On June 30, 2025, the Company declared an interim dividend of RMB0.09 per share, totalling approximately RMB6,672,000 to its shareholders.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amount for the years ended December 31, 2024 and 2025 is based on the profit attributable to the ordinary equity holders of the parent and the total of (i) the weighted average number of ordinary shares as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended December 31,	
	2024	2025
Earnings *(RMB'000)*		
Profit for the year attributable to ordinary equity holders of the parent, for the purpose of basic and diluted earnings per share calculation	7,983	2,531
Shares *('000)*		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	76,666	75,095
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	–	467
Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	76,666	75,562

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Building improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024						
At January 1, 2024:						
Cost	50,362	20,364	934	366	3,616	75,642
Accumulated depreciation	(732)	(8,538)	(649)	(127)	(356)	(10,402)
Net carrying amount	49,630	11,826	285	239	3,260	65,240
At January 1, 2024, net of accumulated depreciation	49,630	11,826	285	239	3,260	65,240
Additions	–	722	61	640	527	1,950
Disposals/write-off, net	–	(1,070)	(47)	(53)	–	(1,170)
Depreciation provided during the year	(1,765)	(2,980)	(108)	(257)	(1,323)	(6,433)
Exchange realignment	–	308	6	–	–	314
At December 31, 2024, net of accumulated depreciation	47,865	8,806	197	569	2,464	59,901
At December 31, 2024:						
Cost	50,362	19,498	774	651	4,143	75,428
Accumulated depreciation	(2,497)	(10,692)	(577)	(82)	(1,679)	(15,527)
Net carrying amount	47,865	8,806	197	569	2,464	59,901
December 31, 2025						
At January 1, 2025:						
Cost	50,362	19,498	774	651	4,143	75,428
Accumulated depreciation	(2,497)	(10,692)	(577)	(82)	(1,679)	(15,527)
Net carrying amount	47,865	8,806	197	569	2,464	59,901
At January 1, 2025, net of accumulated depreciation	47,865	8,806	197	569	2,464	59,901
Additions	–	310	117	241	385	1,053
Disposals/write-off, net	–	(72)	(6)	(216)	–	(294)
Depreciation provided during the year	(1,766)	(2,399)	(105)	(144)	(1,434)	(5,848)
Exchange realignment	–	(377)	1	–	–	(376)
At December 31, 2025, net of accumulated depreciation	46,099	6,268	204	450	1,415	54,436
At December 31, 2025:						
Cost	50,362	19,342	892	609	4,528	75,733
Accumulated depreciation	(4,263)	(13,074)	(688)	(159)	(3,113)	(21,297)
Net carrying amount	46,099	6,268	204	450	1,415	54,436

The Company

	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024				
At January 1, 2024:				
Cost	1,532	232	109	1,873
Accumulated depreciation	(937)	(169)	(103)	(1,209)
Net carrying amount	595	63	6	664
At January 1, 2024, net of accumulated depreciation	595	63	6	664
Additions	–	5	640	645
Disposals/write-off, net	(502)	(35)	(6)	(543)
Depreciation provided during the year	(47)	(9)	(72)	(128)
At December 31, 2024, net of accumulated depreciation	46	24	568	638
At December 31, 2024:				
Cost	210	35	640	885
Accumulated depreciation	(164)	(11)	(72)	(247)
Net carrying amount	46	24	568	638

	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2025				
At January 1, 2025:				
Cost	210	35	640	885
Accumulated depreciation	(164)	(11)	(72)	(247)
Net carrying amount	46	24	568	638
At January 1, 2025, net of accumulated depreciation	46	24	568	638
Additions	–	–	240	240
Disposals/write-off, net	–	–	(215)	(215)
Depreciation provided during the year	(16)	(9)	(144)	(169)
At December 31, 2025, net of accumulated depreciation	30	15	449	494
At December 31, 2025:				
Cost	210	35	598	843
Accumulated depreciation	(180)	(20)	(149)	(349)
Net carrying amount	30	15	449	494

14. LEASE

The Group as a lessee

The Group has lease contracts for various properties used in its operations. Leases of properties generally have lease terms between 2 and 12 years. Certain properties have lease terms of 12 months or less.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties
	RMB'000
As at January 1, 2024	1,114
Additions	555
Depreciation charge	(651)
Exchange realignment	(15)
As at December 31, 2024 and January 1, 2025	1,003
Additions	698
Depreciation charge	(657)
Exchange realignment	15
As at December 31, 2025	1,059

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	2024	**2025**
	RMB'000	*RMB'000*
Carrying amount at January 1	1,169	1,064
New leases	555	698
Accretion of interest recognised during the year	58	40
Payments	(700)	(708)
Exchange realignment	(18)	18
Carrying amount at December 31	1,064	1,112
Analysed into:		
Current portion	545	668
Non-current portion	519	444
Lease liabilities repayable:		
Within one year	545	668
In the second year	320	371
In the third to fifth years, inclusive	199	73
Carrying amount at December 31	1,064	1,112

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

(c) ***The amounts recognised in profit or loss in relation to leases are as follows:***

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Interest on lease liabilities	58	40
Depreciation charge of right-of-use assets	651	657
Expenses relating to short-term leases and low-value leases (included in administrative expenses and selling and distribution expenses)	706	674
Total amount recognised in profit or loss	1,415	1,371

(d) The total cash outflow for leases is disclosed in note 29(c) to the Historical Financial Information.

The Company as a lessee

(a) ***Right-of-use assets***

The carrying amount of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties
	RMB'000
As at January 1, 2024	–
Additions	555
Depreciation charge	(185)
As at December 31, 2024 and January 1, 2025	370
Depreciation charge	(185)
As at December 31, 2025	185

(b) ***Lease liabilities***

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	2024	**2025**
	RMB'000	*RMB'000*
Carrying amount at January 1	–	378
New leases	555	–
Accretion of interest recognised during the year	17	9
Payments	(194)	(194)
Carrying amount at December 31	378	193
Analysed into:		
Current portion	185	193
Non-current portion	193	–
Lease liabilities repayable:		
Within one year	185	193
In the second year	193	–
Carrying amount at December 31	378	193

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

	Trademarks, patents and licences	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2024			
Cost at January 1, 2024, net of accumulated amortisation	1,976	1,266	3,242
Additions	–	73	73
Amortisation provided during the year	(875)	(280)	(1,155)
Exchange realignment	–	(1)	(1)
At December 31, 2024	1,101	1,058	2,159
At December 31, 2024:			
Cost	8,750	2,923	11,673
Accumulated amortisation	(7,649)	(1,865)	(9,514)
Net carrying amount	1,101	1,058	2,159
December 31, 2025			
Cost at January 1, 2025, net of accumulated amortisation	1,101	1,058	2,159
Additions	–	142	142
Write off	–	(54)	(54)
Amortisation provided during the year	(875)	(294)	(1,169)
Exchange realignment	–	2	2
At December 31, 2025	226	854	1,080
At December 31, 2025:			
Cost	8,750	3,003	11,753
Accumulated amortisation	(8,524)	(2,149)	(10,673)
Net carrying amount	226	854	1,080

The Company

	Trademarks, patents and licences	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2024			
Cost at January 1, 2024, net of accumulated amortisation	1,976	1,243	3,219
Additions	–	67	67
Amortisation provided during the year	(875)	(270)	(1,145)
At December 31, 2024	1,101	1,040	2,141
At December 31, 2024:			
Cost	8,750	2,871	11,621
Accumulated amortisation	(7,649)	(1,831)	(9,480)
Net carrying amount	1,101	1,040	2,141
December 31, 2025			
Cost at January 1, 2025, net of accumulated amortisation	1,101	1,040	2,141
Additions	–	128	128
Write off	–	(54)	(54)
Amortisation provided during the year	(875)	(282)	(1,157)
At December 31, 2025	226	832	1,058
At December 31, 2025:			
Cost	8,750	2,932	11,682
Accumulated amortisation	(8,524)	(2,100)	(10,624)
Net carrying amount	226	832	1,058

16. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Unlisted equity investment, at fair value:		
Union Wealthy Investment Limited ("**Union Wealthy**")	–	–

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

Prior to the Relevant Periods, management considered that it was unlikely to recover the investment and the fair value of the equity investment in Union Wealthy was zero as at December 31, 2024 and 2025.

17. INVENTORIES

The Group

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Raw materials	23,160	14,878
Finished goods	8,416	10,537
	31,576	25,415

The Company

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Finished goods	1,982	4,744

18. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Bills receivable	657	3,833
Trade receivables	24,757	14,521
Impairment	(1,596)	(286)
Total	23,818	18,068

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Within 1 year	23,431	17,983
1 to 2 years	387	67
2 to 3 years	–	18
Total	23,818	18,068

The movements in loss allowance for impairment are as follows:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	647	1,596
Impairment/(reversal of impairment), net *(note 6)*	984	(308)
Written off as uncollectible	(30)	(1,004)
Exchange realignment	(5)	2
At end of year	1,596	286

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2024

		Past due				
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Credit-impaired	Total
Expected credit loss rate	0.04%	0.04%	4.30%	100.00%	100.00%	6.28%
Gross carrying amount *(RMB'000)*	13,239	10,321	279	3	1,572	25,414
Expected credit losses *(RMB'000)*	5	4	12	3	1,572	1,596

As at December 31, 2025

		Past due			
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	0.42%	0.62%	25.53%	93.00%	1.56%
Gross carrying amount *(RMB'000)*	12,277	5,830	47	200	18,354
Expected credit losses *(RMB'000)*	52	36	12	186	286

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Bills receivable	657	3,833
Trade receivables	11,924	2,479
Impairment	(1,584)	(16)
Total	10,997	6,296

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	10,793	6,294
1 to 2 years	204	2
Total	10,997	6,296

The movements in loss allowance for impairment are as follows:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	467	1,584
Impairment/(reversal of impairment), net	1,147	(564)
Written off as uncollectible	(30)	(1,004)
At end of year	1,584	16

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Company's trade and bills receivables using a provision matrix:

As at December 31, 2024

		Past due				
	Current	Less than 1 year	1 to 2 years	2 to 3 years	Credit-impaired	Total
Expected credit loss rate	0.04%	0.04%	5.43%	100.00%	100.00%	12.59%
Gross carrying amount *(RMB'000)*	8,157	2,757	92	3	1,572	12,581
Expected credit losses *(RMB'000)*	3	1	5	3	1,572	1,584

As at December 31, 2025

		Past due		
	Current	Less than 1 year	1 to 2 years	Total
Expected credit loss rate	0.17%	0.65%	50.00%	0.25%
Gross carrying amount *(RMB'000)*	5,393	917	2	6,312
Expected credit losses *(RMB'000)*	9	6	1	16

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Prepayments	2,746	1,752
Deposits and other receivables	3,837	5,431
Impairment	(24)	(56)
Total	6,559	7,127
Analysed into:		
Current portion	6,284	6,883
Non-current portion	275	244

The financial assets included in the above balances relate to receivables for which there was no recent history of significant default and past due amounts. During the years ended December 31, 2024 and 2025, provision of RMB9,000 and RMB32,000 was made respectively.

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Prepayments	2,272	627
Deposits and other receivables	1,979	4,884
Impairment	(17)	(41)
Total	4,234	5,470
Analysed into:		
Current portion	4,072	5,318
Non-current portion	162	152

The financial assets included in the above balances relate to receivables for which there was no recent history of significant default and past due amounts. During the years ended December 31, 2024 and 2025, provision of RMB9,000 and RMB24,000 was made respectively.

20. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	72,811	92,668

At December 31, 2024 and 2025, the Group's cash and bank balances denominated in RMB amounted to RMB5,315,000 and RMB1,645,000 respectively. The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	59,967	71,264

21. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	8,109	17,758
1 to 2 years	64	11
2 to 3 years	484	–
Over 3 years	81	561
Total	8,738	18,330

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

The Company

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Within 1 year	1,798	831
1 to 2 years	30	–
2 to 3 years	–	1
Total	1,828	832

22. OTHER PAYABLES AND ACCRUALS

The Group

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
Contract liabilities	(a)	1,230	3,201
Other payables and accruals	(b)	7,360	5,860
Other taxes payables		947	1,909
Payroll payable		6,277	7,081
Total		15,814	18,051

Notes:

(a) Details of contract liabilities are as follows:

	January 1, 2024	**December 31, 2024**	**December 31, 2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sale of goods	1,362	1,230	3,201

Contract liabilities include short-term advances received from customers. The decrease in contract liabilities in 2024 and the increase in 2025 were mainly due to the decrease and increase in short-term advances received from customers respectively.

(b) Other payables are non-interest-bearing and have an average term of three months.

The Company

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
Contract liabilities	(a)	533	698
Other payables and accruals	(b)	4,610	2,783
Other taxes payables		680	47
Payroll payable		2,992	2,149
Total		8,815	5,677

Notes:

(a) Details of contract liabilities are as follows:

	January 1, 2024	December 31, 2024	December 31, 2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sale of goods	184	533	698

Contract liabilities include short-term advances received from customers. The increase in contract liabilities in 2024 and 2025 was mainly due to the increase in short-term advances received from customers.

(b) Other payables are non-interest-bearing and have an average term of three months.

23. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
Current			
Bank borrowings – secured	(a), (b)	8,453	–
Analysed into:			
Bank borrowings repayable:			
Within one year		8,453	–

Notes:

(a) The Group's interest-bearing bank borrowings are denominated in RMB.

(b) As at December 31, 2024, the loan is secured by certain of the Group's items of property, plant and equipment which had a net carrying amount of approximately RMB35,606,000 and a guarantee of a director of the Company, bore interest at 1.5% per annum below 1-year Loan Prime Rate and was repayable in May 2025.

24. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	133	–	133
Deferred tax charged to profit or loss during the year	63	240	303
Exchange realignment	(7)	9	2
At December 31, 2024 and January 1, 2025	189	249	438
Deferred tax credited to profit or loss during the year	(73)	(244)	(317)
Exchange realignment	6	(5)	1
At December 31, 2025	122	–	122

Deferred tax assets

	Unrealised profits of inventories	Losses available for offsetting against future taxable profits	Lease liabilities	Impairment of assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	166	7,159	145	1,279	8,749
Deferred tax credited/(charged) to profit or loss during the year	150	(6,466)	64	762	(5,490)
Exchange realignment	(18)	–	(7)	(14)	(39)
At December 31, 2024 and January 1, 2025	298	693	202	2,027	3,220
Deferred tax credited/(charged) to profit or loss during the year	(118)	(389)	(76)	392	(191)
Exchange realignment	17	–	7	38	62
At December 31, 2025	197	304	133	2,457	3,091

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

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	3,030	2,969
Net deferred tax liabilities recognised in the consolidated statements of financial position	(248)	–
Total	2,782	2,969

The Group has tax losses arising in Hong Kong of nil and RMB380,000 as at December 31, 2024 and 2025, respectively, that are available indefinitely for offsetting against future taxable profits of the subsidiary in Hong Kong in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses arisen in Hong Kong due to the unpredictability of future taxable profit streams of the subsidiary and it is currently considered uncertain that taxable profits will be available against which such tax losses can be utilised.

The Group is liable for withholding tax on dividend distributed by the subsidiary established in Italy. The applicable rate is 10% for the Group.

At December 31, 2024 and 2025, no deferred tax has been recognised for withholding tax that would be payable on the unremitted earnings that are subject to withholding tax of the Group's subsidiary established in Italy. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investment in the subsidiary in Italy for which deferred tax liabilities have not been recognised totalled approximately RMB1,707,000 and RMB509,000 at December 31, 2024 and 2025 respectively.

The Company

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At January 1, 2024	–
Deferred tax charged to profit or loss during the year	92
At December 31, 2024 and January 1, 2025	92
Deferred tax credited to profit or loss during the year	(46)
At December 31, 2025	46

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Impairment of assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	–	5,813	154	5,967
Deferred tax credited/(charged) to profit or loss during the year	94	(5,169)	246	(4,829)
At December 31, 2024 and January 1, 2025	94	644	400	1,138
Deferred tax charged to profit or loss during the year	(46)	(340)	(126)	(512)
At December 31, 2025	48	304	274	626

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position of the Company. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the statements of financial position of the Company	1,046	580

25. PROVISIONS

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	1,241	952
Additional provision	–	124
Amounts utilised during the year	(221)	(18)
Exchange realignment	(68)	82
At end of year	952	1,140

Included in the above balance is provision for a litigation brought against the Group's Italian subsidiary by Italian Social Security Authority ("**INPS**") claiming certain incorrect calculation of the social security contribution for years 2022–2023 of approximately RMB896,000 and RMB974,000, as at December 31, 2024 and 2025 respectively. The litigation provision amount represented the total amount requested by INPS.

The remaining provision balance represented provision for warranties of approximately RMB56,000 and RMB166,000 as at December 31, 2024 and 2025 respectively. The Group provides factory warranties for certain customers for general repairs of defects occurring during the warranty period.

26. SHARE CAPITAL

The Group and the Company

Shares

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Issued and fully paid:		
78,500,000 ordinary shares of RMB1 each	78,500	78,500

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At January 1, 2024, December 31, 2024 and 2025	78,500,000	78,500

27. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve mainly represents the amount paid by shareholders for capital injection in excess of the nominal value of the share issued.

(b) Surplus reserve

In accordance with the Company Law of the People's Republic of China, the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to shareholders of the PRC companies.

(c) Exchange fluctuation reserve

Exchange fluctuation reserve comprises foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

The Company

A summary of the movements of the Company's reserves is as follows:

	Shares held under restricted share award scheme	Capital reserve	Share-based payment reserve	Surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	(6,450)	91,666	–	4,068	6,517	95,801
Total comprehensive income for the year	–	–	–	–	14,721	14,721
Transfer of reserves	–	–	–	1,472	(1,472)	–
Purchase of shares held under the restricted share award scheme *(note 28)*	(8,500)	–	–	–	–	(8,500)
Dividend *(note 11)*	–	–	–	–	(6,044)	(6,044)
At December 31, 2024 and January 1, 2025	(14,950)	91,666	–	5,540	13,722	95,978
Total comprehensive income for the year	–	–	–	–	1,221	1,221
Transfer of reserves	–	–	–	122	(122)	–
Share award arrangements *(note 28)*	–	–	2,457	–	–	2,457
Dividend *(note 11)*	–	–	–	–	(6,672)	(6,672)
At December 31, 2025	(14,950)	91,666	2,457	5,662	8,149	92,984

28. SHARE BASED PAYMENTS

For the purpose of awarding the employees and directors of the Group to secure their services and incentivise their maximum effort towards the Group's success, the shareholders of the Group set up a limited partnership in the PRC as an onshore shareholding platform ("**Shareholding Platform**") in December 2021.

In December 2021, pursuant to the approval at the third extraordinary shareholders' meeting, the Company repurchased 300,000 shares and 150,000 shares (in aggregate 450,000 shares) from two individual shareholders of the Company at RMB4.00 per share for a total consideration of RMB1,800,000 as a source of incentive equity. The repurchased shares by the Company ("**Shares**") were subsequently transferred to the Shareholding Platform.

In December 2022, pursuant to approval at the second extraordinary shareholders' meeting, the Company repurchased 750,000 shares, 150,000 shares and 30,000 shares (in aggregate 930,000 shares) from three shareholders of the Company at RMB5.00 per share for a total consideration of RMB4,650,000, and transferred all such Shares to the Shareholding Platform.

In July 2024, pursuant to approval at the 2023 annual shareholders' meeting, the Company repurchased 2,025,000 shares from a shareholder of the Company at a total consideration of RMB8,500,000 (approximately RMB4.20 per share), and transferred all such Shares to the Shareholding Platform.

In March 2025, 2,974,491 Shares with par value of RMB1.00 each were granted to certain eligible participants and issued to the Shareholding Platform. Details of the granted restricted shares are as follows:

Date of grant	Number of shares	Subscription price per share	Fair value at grant date per share
		RMB	*RMB*
March 31, 2025	2,974,491	0.67	3.964

These restricted shares granted to employees shall be vested over 3 years since the grant date. The eligible participants would be repaid with original subscription price if employment were terminated before the vesting date.

The following restricted shares were outstanding under the restricted share award scheme during the Relevant Periods:

	Number of restricted shares
At January 1, 2024, December 31, 2024 and January 1, 2025	–
Granted during the year	2,974,491
At December 31, 2025	2,974,491

During the year ended December 31, 2025, the equity-settled share-based payment expenses of RMB2,457,000 were charged to profit or loss.

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted less the subscription price paid by the eligible participants. The fair value of the shares granted is measured as the market value at the grant date, which is determined by an external valuer using discounted cash flow method with the consideration of DLOM to determine the underlying equity fair value of the Company, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used to estimate the fair value of restricted shares granted during the Relevant Periods:

	As at the grant date in the year of 2025
Risk-free interest rate *(%)*	2.25%
Weighted average cost of capital *(%)*	15%
DLOM	18.0%

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB555,000 and RMB698,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	**Interest-bearing bank borrowings**
	RMB'000	*RMB'000*
December 31, 2024		
At January 1, 2024	1,169	8,200
Changes from financing cash flows (including interest portion)	(700)	(2)
New leases	555	–
Interest expense	58	255
Exchange realignment	(18)	–
At December 31, 2024	1,064	8,453
December 31, 2025		
At January 1, 2025	1,064	8,453
Changes from financing cash flows (including interest portion)	(708)	(8,561)
New leases	698	–
Interest expense	40	108
Exchange realignment	18	–
At December 31, 2025	1,112	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Within operating activities	706	674
Within financing activities	700	708
Total	1,406	1,382

30. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 23 to the Historical Financial Information.

31. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Investments, at cost	100,383	100,383

32. DUE FROM SUBSIDIARIES

The Company

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Olicom International SRL	7,457	18,692
Pu Ying Olicom Technology Hong Kong Limited	20,858	14,777
	28,315	33,469

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

33. DUE TO A SUBSIDIARY

The Company

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Zhuhai Puying Innovation Technology Co., Ltd.	16,121	46,276

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

34. COMMITMENTS

As at the end of each of the Relevant Periods, the Group did not have any contractual commitments.

35. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	*RMB'000*
Director:			
Rental expense	(i)	206	206

Note:

(i) Rental expense was charged based on terms as agreed by the relevant parties as set out in respective agreements.

(b) Compensation of key management personnel of the Group:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Salaries and allowances	4,198	4,263
Performance related bonuses	2,080	1,074
Equity-settled share-based payment expense	–	1,229
Pension scheme contributions	128	150
Total compensation paid to key management personnel	6,406	6,716

Further details of directors' and supervisors' emoluments are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

Financial assets

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Financial asset at fair value through other comprehensive income:		
Equity investment	–	–
Financial assets at amortised cost:		
Trade and bills receivables	23,818	18,068
Financial assets included in prepayments, deposits and other receivables	317	281
Cash and cash equivalents	72,811	92,668
Total	96,946	111,017

Financial liabilities

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Trade payables	8,738	18,330
Financial liabilities included in other payables and accruals	7,360	5,860
Interest-bearing bank borrowings	8,453	–
Lease liabilities	1,064	1,112
Total	25,615	25,302

The Company

Financial assets

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Trade and bills receivables	10,997	6,296
Financial assets included in prepayments, deposits and other receivables	145	168
Due from subsidiaries	28,315	33,469
Cash and cash equivalents	59,967	71,264
Total	99,424	111,197

Financial liabilities

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Trade payables	1,828	832
Financial liabilities included in other payables and accruals	4,610	2,783
Due to a subsidiary	16,121	46,276
Interest-bearing bank borrowings	8,453	–
Lease liabilities	378	193
Total	31,390	50,084

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumption were used to estimate the fair values.

The fair value of the unlisted investment was estimated by using a discounted cash flow valuation model based on the expected future cash flows from the investment. In the opinion of the directors of the Company, no material cash inflows are expected from this investment and, accordingly, its fair value is considered to be minimal.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Asset measured at fair value:

The fair value measurement of equity investment designated at fair value through other comprehensive income was using significant unobservable inputs (Level 3) as at December 31, 2024 and 2025.

There were no movements in fair value measurements during the Relevant Periods.

The Group did not have any financial liabilities measured at fair value as at December 31, 2024 and 2025.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank borrowings, lease liabilities, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the United States dollar ("**US$**") and European dollar ("**EUR**") exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the translated value of monetary assets and liabilities).

	As at December 31, 2024	
	Change in foreign currency rate	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
If RMB weakens against US$	1	829
If RMB strengthens against US$	(1)	(829)
If RMB weakens against EUR	1	14
If RMB strengthens against EUR	(1)	(14)

	As at December 31, 2025	
	Change in foreign currency rate	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
If RMB weakens against US$	1	861
If RMB strengthens against US$	(1)	(861)
If RMB weakens against EUR	1	70
If RMB strengthens against EUR	(1)	(70)

Credit risk

The Group mainly transacts on credit with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

The Group

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	24,757	24,757
Bills receivable*	–	–	–	657	657
Financial assets included in prepayments, deposits and other receivables					
– Normal**	341	–	–	–	341
Cash and cash equivalents					
– Not yet past due	72,811	–	–	–	72,811
Total	73,152	–	–	25,414	98,566

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	14,521	14,521
Bills receivable*	–	–	–	3,833	3,833
Financial assets included in prepayments, deposits and other receivables					
– Normal**	337	–	–	–	337
Cash and cash equivalents					
– Not yet past due	92,668	–	–	–	92,668
Total	93,005	–	–	18,354	111,359

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The Company

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	11,924	11,924
Bills receivable*	–	–	–	657	657
Financial assets included in prepayments, deposits and other receivables					
– Normal**	162	–	–	–	162
Due from subsidiaries					
– Not yet past due	28,315	–	–	–	28,315
Cash and cash equivalents					
– Not yet past due	59,967	–	–	–	59,967
Total	88,444	–	–	12,581	101,025

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	2,479	2,479
Bills receivable*	–	–	–	3,833	3,833
Financial assets included in prepayments, deposits and other receivables					
– Normal**	209	–	–	–	209
Due from subsidiaries					
– Not yet past due	33,469	–	–	–	33,469
Cash and cash equivalents					
– Not yet past due	71,264	–	–	–	71,264
Total	104,942	–	–	6,312	111,254

* For trade and bills receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group regularly monitors its risk to a shortage of funds and considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024				
Trade payables	8,738	–	–	8,738
Financial liabilities included in other payables and accruals	7,360	–	–	7,360
Interest-bearing bank borrowings	8,561	–	–	8,561
Lease liabilities	572	534	–	1,106
Total	25,231	534	–	25,765

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2025				
Trade payables	18,330	–	–	18,330
Financial liabilities included in other payables and accruals	5,860	–	–	5,860
Lease liabilities	699	453	–	1,152
Total	24,889	453	–	25,342

The Company

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024				
Trade payables	1,828	–	–	1,828
Financial liabilities included in other payables and accruals	4,610	–	–	4,610
Due to a subsidiary	16,121	–	–	16,121
Interest-bearing bank and other borrowings	8,561	–	–	8,561
Lease liabilities	194	194	–	388
Total	31,314	194	–	31,508
December 31, 2025				
Trade payables	832	–	–	832
Financial liabilities included in other payables and accruals	2,783	–	–	2,783
Due to a subsidiary	46,276	–	–	46,276
Lease liabilities	194	–	–	194
Total	50,085	–	–	50,085

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards total equity as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2025.

The Group monitors capital using a gearing ratio, which is determined based of the Group's total liabilities divided by its total equity. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Total liabilities	35,270	39,369
Total equity	165,703	164,046
Gearing ratio	21.29%	24.00%

39. EVENT AFTER THE RELEVANT PERIODS

As at the date of this report, no significant events have occurred in respect of any period subsequent to December 31, 2025.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025.