

APPENDIX IA

ACCOUNTANTS’ REPORT

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU YANQU INFORMATION TECHNOLOGY CO., LTD. AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of Guangzhou Yanqu Information Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IA-3 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 31 December 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages IA-3 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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* 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.

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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 position of the Group and the Company as at 31 December 2023 and 2024 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 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 IA-3 have been made.

Dividends

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 Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	<u>2023</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	293,869	420,891
Cost of sales		<u>(57,345)</u>	<u>(74,440)</u>
Gross profit		236,524	346,451
Other income and gains	5	5,853	7,855
Selling and marketing expenses		(97,505)	(165,714)
Administrative expenses		(25,227)	(18,634)
Research and development expenses		(24,536)	(32,513)
Other expenses		(217)	(108)
Finance costs	6	<u>(400)</u>	<u>(384)</u>
PROFIT BEFORE TAX	7	94,492	136,953
Income tax expense	10	<u>(14,850)</u>	<u>(18,249)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>79,642</u>	<u>118,704</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		79,642	118,704
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>79,642</u>	<u>118,704</u>
		<i>RMB</i>	<i>RMB</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	<u>0.61</u>	<u>0.86</u>

For the details of pre-[REDACTED] investments, please refer to note 20 to the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	<u>2023</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>13</i>	59	383
Right-of-use assets	<i>14(a)</i>	6,757	15,316
Intangible Assets		199	176
Deposits	<i>15(a)</i>	815	1,053
Deferred tax assets	<i>19</i>	<u>2,790</u>	<u>3,649</u>
Total non-current assets		<u>10,620</u>	<u>20,577</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables	<i>15(a)</i>	57,901	64,509
Financial assets at fair value through profit or loss	<i>16</i>	131,458	306,019
Cash and cash equivalents	<i>17</i>	<u>208,916</u>	<u>171,880</u>
Total current assets		<u>398,275</u>	<u>542,408</u>
CURRENT LIABILITIES			
Other payables and accruals	<i>18(a)</i>	158,097	189,714
Lease liabilities	<i>14(b)</i>	4,232	4,308
Tax payable		<u>6,820</u>	<u>9,715</u>
Total current liabilities		<u>169,149</u>	<u>203,737</u>
NET CURRENT ASSETS		<u>229,126</u>	<u>338,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>239,746</u>	<u>359,248</u>
NON-CURRENT LIABILITIES			
Lease liabilities	<i>14(b)</i>	<u>3,370</u>	<u>11,563</u>
NET ASSET		<u>236,376</u>	<u>347,685</u>
EQUITY			
Equity attributable to owners of the Company			
Paid-in capital	<i>20</i>	2,184	2,184
Reserves	<i>22</i>	<u>234,192</u>	<u>345,301</u>
		236,376	347,485
Non-controlling interests		–	200
Total equity		<u>236,376</u>	<u>347,685</u>

For the details of pre-[REDACTED] investments, please refer to note 20 to the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,532	40,793	–	1,855	71,533	115,713	–	115,713
Profit and total comprehensive income for the year	–	–	–	–	79,642	79,642	–	79,642
Capital contribution by shareholders	377	30,090	–	–	–	30,467	–	30,467
Capitalisation of capital reserve	275	(275)	–	–	–	–	–	–
Recognition of equity-settled share-based payment expenses	–	–	16,554	–	–	16,554	–	16,554
Transfer upon vesting of shares granted	–	14,071	(14,071)	–	–	–	–	–
Dividends paid	–	–	–	–	(6,000)	(6,000)	–	(6,000)
At 31 December 2023 and 1 January 2024	2,184	84,679*	2,483*	1,855*	145,175*	236,376	–	236,376
Profit and total comprehensive income for the year	–	–	–	–	118,704	118,704	–	118,704
Establishment of a non-wholly owned subsidiary	–	–	–	–	–	–	200	200
Recognition of equity-settled share-based payment expenses	–	–	4,405	–	–	4,405	–	4,405
Dividends paid	–	–	–	–	(12,000)	(12,000)	–	(12,000)
At 31 December 2024	2,184	84,679*	6,888*	1,855*	251,879*	347,485	200	347,685

* These reserve accounts comprise the consolidated reserves of RMB234,192,000 and RMB345,301,000 in the consolidated statements of financial position as at 31 December 2023 and 2024, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	<u>2023</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		94,492	136,953
Adjustments for:			
Bank interest income	5	(828)	(2,713)
Investment income from financial assets at fair value through profit or loss	5	(2,277)	(2,737)
Fair value gain on financial assets at fair value through profit or loss	5	(428)	(1,111)
Exchange gain	5	(525)	(273)
Finance costs	6	400	384
Depreciation of property, plant and equipment	7	49	76
Amortisation of intangible assets	7	17	23
Depreciation of right-of-use assets	7	3,413	4,250
Share-based payment expenses	21	<u>16,554</u>	<u>4,405</u>
		110,867	139,257
Increase in prepayments, deposits and other receivables		(9,989)	(6,646)
(Decrease)/increase in other payables and accruals		<u>(5,308)</u>	<u>31,669</u>
Cash generated from operations		95,570	164,280
Interest received		828	2,713
Income tax paid		<u>(16,775)</u>	<u>(16,213)</u>
Net cash flows from operating activities		<u>79,623</u>	<u>150,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7)	(452)
Addition of intangible assets		(161)	–
Proceeds of redemption of financial assets at fair value through profit or loss		144,615	781,163
Purchase of financial assets at fair value through profit or loss		<u>(192,828)</u>	<u>(951,876)</u>
Net cash flows used in investing activities		<u>(48,381)</u>	<u>(171,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital contribution by shareholders		30,467	–
Principal portion of lease payments	23	(3,470)	(4,540)
Interest paid	23	(400)	(384)
Dividend paid	11	<u>(6,000)</u>	<u>(12,000)</u>
Net cash flows from/(used in) financing activities		<u>20,597</u>	<u>(16,924)</u>

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	<i>Notes</i>	<u>2023</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		51,839	(37,309)
Effect of foreign exchange rate changes on net		<u>156,552</u>	<u>208,916</u>
		525	273
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>208,916</u>	<u>171,880</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position and the consolidated statements of cash flows	<i>17</i>	<u>208,916</u>	<u>171,880</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	<u>2023</u>	<u>2024</u>
		<i>RMB’000</i>	<i>RMB’000</i>
NON-CURRENT ASSETS			
Investment in subsidiaries	<i>1</i>	17,000	17,800
Property, plant and equipment	<i>13</i>	59	383
Right-of-use assets	<i>14(a)</i>	6,757	15,316
Intangible Assets		199	176
Deposits	<i>15(a)</i>	815	1,053
Deferred tax assets	<i>19</i>	2,790	3,649
Total non-current assets		<u>27,620</u>	<u>38,377</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables	<i>15(a)</i>	15,696	24,200
Due from subsidiaries	<i>15(b)</i>	12,264	4,764
Financial assets at fair value through profit or loss	<i>16</i>	131,458	279,908
Cash and cash equivalents	<i>17</i>	156,604	127,349
Total current assets		<u>316,022</u>	<u>436,221</u>
CURRENT LIABILITIES			
Other payables and accruals	<i>18(a)</i>	102,242	121,010
Due to subsidiaries	<i>18(b)</i>	1,100	1,850
Lease liabilities	<i>14(b)</i>	4,232	4,308
Tax payable		4,271	7,298
Total current liabilities		<u>111,845</u>	<u>134,466</u>
NET CURRENT ASSETS		<u>204,177</u>	<u>301,755</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>231,797</u>	<u>340,132</u>
NON-CURRENT LIABILITIES			
Lease liabilities	<i>14(b)</i>	3,370	11,563
NET ASSETS		<u>228,427</u>	<u>328,569</u>
EQUITY			
Paid-in capital	<i>20</i>	2,184	2,184
Reserves	<i>22</i>	226,243	326,385
Total equity		<u>228,427</u>	<u>328,569</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangzhou Yanqu Information Technology Co., Ltd (the “Company”) is a company established in the People’s Republic of China (“PRC”) with limited liability on 29 April 2015. It was converted into a joint stock company with limited liability on 23 December 2025. The registered office of the Company is located at Unit 2101 and the 22nd Floor, Main Office Building, No. 153 Tiyuxi Road, Tianhe District, Guangzhou City, Guangdong Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the provision of integrated rental consumption services on a full-stack online rental consumption platform.

In the opinion of the directors of the Company (the “Directors”), Mr. Hong Guozhi, Mr. He Zelin, Ms. Zhang Yuxin, Guangzhou All Things Leasable Investment Consulting Partnership (Limited Partnership) (“All Things Leasable LP”) and Guangzhou Xiangzu Future Investment Consulting Center (Limited Partnership) (“Xiangzu Future LP”) are a group of the controlling shareholders of the Group as at the end of the Relevant Periods.

At the end of the Relevant Periods, the Company had direct or indirect interests in its subsidiaries, the details of the principal subsidiaries are set out below:

Company name	Place and date of registration and place of operation	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Weiqizu Technology Co., Ltd. (“杭州微企租科技有限公司”)	PRC/Chinese mainland, 2 June 2023	RMB1,000,000	100%	–	Provision of platform services
Guangzhou Renrenzu Supply Chain Service Co., Ltd. (“廣州人人租供應鏈服務有限公司”)	PRC/Chinese mainland, 28 October 2021	RMB1,000,000	100%	–	Provision of value-added services

Notes:

- (a) No statutory financial statements have been prepared for all subsidiaries for the years ended 31 December 2023 and 2024.
- (b) The English names of the above subsidiaries represent the best efforts made by the Directors to translate the Chinese names of these companies as they have not been registered with any official English names.

The Company

The carrying amounts of the Company’s investment in subsidiaries:

	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Investment in subsidiaries, at cost	17,000	17,800

2.1 BASIS OF PREPARATION

For ordinary shares issued to pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of redemption rights, which are *void ab initio* as described in note 20 to the Historical Financial Information, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the Directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the reporting periods. For the details of financial impacts, see note 20 of the Historical Financial Information.

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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 HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early 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 the financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7.	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7.	<i>Contracts Referencing Nature-dependent Electricity</i> ¹

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Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> 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 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised HKFRS Accounting Standards, except for HKFRS 18, may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group’s financial performance and financial position in the period of initial application. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of HKFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICIES INFORMATION

Fair value measurement

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.

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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 Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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 principal annual rates used for this purpose are as follows:

Vehicle and others	23.75-33.33%
Electronic devices	20%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

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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 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.

Research and development costs

All research costs are charged to profit or loss 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 of the underlying assets is available for use). Right-of-use assets are measured at cost, less 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 follows:

Office premises	2 to 7 years
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(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 terminating 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 the incremental borrowing rate at the lease commencement date if 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), a change in the lease term or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises and office equipments (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).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 profit or loss.

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 (debt instrument) 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.

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Subsequent measurement of financial assets

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 at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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.

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The Group generally considers a financial asset in default when contractual payments are one year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider 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.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in other payables and accruals, lease liabilities.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and accrual 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 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.

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.

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 for the current and prior periods 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 country 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 with certain exceptions (e.g., initial recognition exceptions).

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

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- 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 carryforward 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 carryforward 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 realised. 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of 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 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 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.

The Group evaluates if it is a principal or an agent in a transaction to determine whether revenue should be recorded on a gross or net basis. The Group is acting as the principal if it obtains control over the services before they are transferred to customers. Generally, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group acts as the principal and revenue is recorded on a gross basis. Generally, when the Group is not primarily obligated in a transaction, does not bear the inventory risk and does not have the ability to establish the price, the Group acts as the agent and revenue is recorded on a net basis.

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(1) *Platform services*

Leveraging the platform, the Group offers integrated services across the entire transaction lifecycle.

When the merchants register and set up online store on the platform, the merchants also pay for the SaaS product which provides the merchants with tools available on the platform to track and manage asset and inventory portfolios through intuitive visual dashboards and streamlined workflows. The Group provides a series of integrated transaction services to the merchants including but not limited to: designing the rental solutions, providing risk management advices, assisting to handle complaints from the users, etc. The Group is also responsible for supervising the activities conducted by the merchants to ensure compliance with the platform's operating regulations. The merchants are required to pay annual fees at a fixed amount for the use of the SaaS product as well as the transaction-based commissions which are determined based on a fixed rate of the value of the transactions completed on the platform.

At contract inception, the Group assesses the goods or services promised within each contract and determines whether those are performance obligations, and assesses whether each promised good or service is distinct. In assessing whether the SaaS product is distinct from other promises, the Group considers whether the merchants can benefit from the product for its intended purpose without the receipt of the remaining promises by considering whether the value of the product is dependent on the unsatisfied promises, whether there are other vendors that could provide the remaining promises, and whether it is separately identifiable from the remaining promises. Given that the SaaS product is highly integrated with the platform and is the indispensable tool for the merchants to conduct the rental business on the platform, the merchants cannot benefit from the SaaS product without the integrated transaction services, and therefore, the SaaS product and the online transaction services are not distinct and instead combined as a single performance obligation which is platform services.

Revenue from platform services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the merchants simultaneously receives and consumes the benefits provided by the Group.

(i) Fee from SaaS

The fee from SaaS is fixed consideration for platform services. It is fully paid in advance and initially recognised as contract liabilities when received and recognised as revenue ratably over the service period, on a straight-line basis.

(ii) Commission from online transaction

The Group acts as an agent in the rental consumption transaction and its performance obligation is to arrange for rental transactions between merchants and users. Online transaction amounts are paid by the users, and allocated the commissions to the Group and the remaining values to the merchants. The transaction-based commissions are variable considerations for platform services. It is recognised as revenue when the payment is made.

(2) *Value added services*

The Group provides its merchants with value-added services, such as centralized procurement and logistics support services. With respect to centralized procurement services, the Group assists merchants through bulk purchasing of products intended for rental consumption on the platform, including mobile phones, tablets, laptops, and smart wearable devices. In addition, the Group also cooperates with logistics companies to provide merchants with various delivery service options. The Group acts as an agent in the purchase of products or logistics services and recognises the service revenue on a net basis at a point when the service is completed.

Other income

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

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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 services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

The Company operates an employee incentive 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 hybrid method.

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 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.

Employee retirement benefits

As stipulated by the rules and regulations of Chinese mainland, the Group is required to contribute to a state-sponsored retirement plan for all its employees located in Chinese mainland at certain percentages of the basic salaries predetermined by the local governments. The Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions. The contributions made by the Group are charged to profit or loss as they become payable in accordance with the rules of the retirement plan.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements 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.

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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.

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).

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the restricted share units (“RSUs”), volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a hybrid method model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 21 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in the provision of integrated rental consumption services across the entire transaction lifecycle, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group’s senior management for purposes of resource allocation and performance assessment. Therefore, no further information about the operating segment is presented.

Geographical information

Since all external customers and non-current assets of the Group are located in Chinese mainland, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s revenue for the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from contracts with customers.	293,869	420,891
	293,869	420,891

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Revenue from contracts with customers

(a) Disaggregated revenue information

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Types of services		
Platform services	276,487	394,329
– Commission from online transaction	244,387	350,407
– Fee from SaaS	32,100	43,922
Value-added services	<u>17,382</u>	<u>26,562</u>
Total	<u>293,869</u>	<u>420,891</u>
Timing of revenue recognition		
Services transferred over time	276,487	394,329
Services transferred at a point in time	<u>17,382</u>	<u>26,562</u>
Total	<u>293,869</u>	<u>420,891</u>

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

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Platform services	<u>12,057</u>	<u>17,752</u>

(b) Performance obligations

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

Platform services

The performance obligation satisfied over time. The annual fees are received in advance and transaction-based commissions are received when the users make the payments.

Value-added services

The performance obligation is satisfied at a point in time when the services are completed. The payment is due immediately upon the completion of the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue within one year	<u>17,752</u>	<u>23,773</u>

The amounts disclosed above do not include variable consideration which is constrained. The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to platform services.

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Other income and gains

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
<u>Other income</u>		
Investment income from financial assets at fair value through profit or loss	2,277	2,737
Bank interest income	828	2,713
Government grants*	694	356
Others	<u>1,101</u>	<u>665</u>
Total other income	<u>4,900</u>	<u>6,471</u>
<u>Gains</u>		
Fair value gains on financial assets at fair value through profit or loss	428	1,111
Exchange gain	<u>525</u>	<u>273</u>
Total gains	<u>953</u>	<u>1,384</u>
Total other income and gains	<u>5,853</u>	<u>7,855</u>

* There are no unfulfilled conditions or contingencies related to these government grants.

6. FINANCE COSTS

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Interest on lease liabilities	<u>400</u>	<u>384</u>

For the details of Pre-[REDACTED] Investments, please refer to note 20 to the Historical Financial Information.

7. PROFIT BEFORE TAX

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

		<u>2023</u>	<u>2024</u>
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of services provided		57,345	74,440
Depreciation of property, plant and equipment*	<i>13</i>	49	76
Depreciation of right-of-use assets*	<i>14(a)</i>	3,413	4,250
Lease payments not included in the measurement of lease liabilities	<i>14(c)</i>	1,162	1,427
Amortisation of intangible assets*		17	23
Commission fees paid to third parties***		23,733	27,754
Employee benefit expense (excluding directors’, supervisor’s and chief executive’s remuneration (<i>note 8</i>)):			
Wages and salaries		79,477	123,822
Performance-related bonuses		6,374	8,162
Share-based payment expenses		1,689	2,991
Pension scheme contributions		<u>10,454</u>	<u>15,297</u>
		<u>97,994</u>	<u>150,272</u>
Foreign exchange differences, net**	<i>5</i>	(525)	(273)

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		2023	2024
	Notes	RMB’000	RMB’000
Fair value gain on financial assets at fair value through profit or loss**	5	(428)	(1,111)

* The depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets are included in “Cost of sales”, “Selling and marketing expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss, respectively.

** The amounts are included in “Other income and gains” in profit or loss.

*** The amounts represented the commission fees paid to third parties in relation to platform services, which are incremental costs of obtaining the contracts. As the average contract service period is less than one year, the Group has applied the practical expedient to recognise the contract acquisition costs as “Selling and marketing expenses” when incurred.

8. DIRECTORS’, SUPERVISOR’S AND CHIEF EXECUTIVE’S REMUNERATION

Directors’, the supervisor’s and chief executive’s remuneration recorded for the Relevant Periods, is as follows:

	2023	2024
	RMB’000	RMB’000
Fees	—	—
Other emoluments		
Salaries, allowances and benefits in kind	1,916	2,389
Performance-related bonuses	626	984
Share-based payment expenses	14,865	1,414
Pension scheme contributions	126	133
Subtotal	17,533	4,920
Total	17,533	4,920

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, further details of which are set out in note 21 to the Historical Financial Information. The fair values of such restricted shares, which has been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the Relevant Periods are included in the above directors’, the supervisors’ and chief executive’s remuneration disclosures.

(a) Independent non-executive directors

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

Subsequent to the end of the Relevant Periods, Mr. Chen Haokun and Mr. Ma Chun Fung and Mr. Han Bin were appointed as independent non-executive directors of the Company on the [REDACTED], respectively.

(b) Executive directors, non-executive directors, supervisor and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
2023						
Executive directors and chief executive:						

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	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Hong Guozhi (chief executive) ^(a)	–	537	185	13,980	33	14,735
Mr. He Zelin ^(b)	–	537	185	141	33	896
Mr. Jiang Dingkun ^(c)	–	530	185	122	33	870
Subtotal	–	1,604	555	14,243	99	16,501
Non-executive directors:						
Mr. Li Ying ^(d)	–	–	–	–	–	–
Mr. Zheng Weizhou ^(e)	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisor:						
Mr. Jin Donghua ^(f)	–	312	71	622	27	1,032
Total	–	1,916	626	14,865	126	17,533

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share- based payment expenses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024						
Executive directors and chief executive:						
Mr. Hong Guozhi (chief executive) ^(a)	–	679	300	66	35	1,080
Mr. He Zelin ^(b)	–	679	300	–	35	1,014
Mr. Jiang Dingkun ^(c)	–	671	300	520	35	1,526
Subtotal	–	2,029	900	586	105	3,620
Non-executive directors:						
Mr. Li Ying ^(d)	–	–	–	–	–	–
Mr. Zheng Weizhou ^(e)	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Supervisor:						
Mr. Jin Donghua ^(f)	–	360	84	828	28	1,300
Total	–	2,389	984	1,414	133	4,920

Notes:

- (a) Mr. Hong Guozhi was appointed as the chairman of the board of the Company (the “Board”), an executive director and the chief executive officer of the Company on 29 April 2015.
- (b) Mr. He Zelin was appointed as an executive director of the Company on 29 April 2015.
- (c) Mr. Jiang Dingkun was appointed as an executive director of the Company on 6 March 2020.
- (d) Mr. Li Ying was appointed as a non-executive director of the Company on 23 November 2020.
- (e) Mr. Zheng Weizhou was appointed as a non-executive director of the Company on 4 December 2020.
- (f) Mr. Jin Donghua was appointed as a supervisor of the Company on 29 April 2015 and resigned on 12 December 2025.
- (g) Ms. Zhuo Lishuang was appointed as an executive director of the Company on 19 January 2026.

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Save from disclosed above, there was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 4 and 4 directors, the supervisor and the chief executive, details of whose remuneration are set out in note 8 above, respectively. Details of the remuneration for the Relevant Periods of the remaining 1 and 1 highest paid employees who are neither a director or a supervisor nor chief executive of the Company are as follows, respectively:

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	475	800
Performance related bonuses	23	55
Share-based payment expenses	–	23
Pension scheme contributions	<u>33</u>	<u>35</u>
Total	<u>531</u>	<u>913</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows, respectively:

	<u>2023</u>	<u>2024</u>
Nil to HK\$1,000,000	<u>1</u>	<u>1</u>

During the Relevant Periods, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 21 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

Chinese mainland

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and Implementation Regulation of the CIT Law, the CIT rate of the Group’s PRC subsidiaries is 25% unless subject to tax exemption set out below.

- (i) The Company is qualified as High and New Technology Enterprises in the PRC, and therefore entitled to a preferential income tax rate of 15% for the Relevant Periods.
- (ii) Certain subsidiaries of the Group applied the “Small-Scaled Minimal Profit Enterprise Income Tax Preferential Policy announced by the PRC’s state of Administration of Taxation and subject to tax rate of 5% for the Relevant Periods.

The income tax expense of the Group for the Relevant Periods:

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Current	15,696	19,108
Deferred (<i>note 18</i>).	(846)	(859)
Total	<u>14,850</u>	<u>18,249</u>

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A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2023	2024
	RMB’000	RMB’000
Profit before tax	94,492	136,953
Tax at the statutory tax rate of 25%	23,623	34,238
Lower tax rates for specific provinces or enacted by local authority	(8,311)	(12,168)
Expenses not deductible for tax	2,515	673
Additional tax deduction for qualified research and development expenses ^{note}	(2,977)	(4,494)
Tax charge at the Group’s effective rate	14,850	18,249

Note: According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim additional deduction of their research and development costs.

11. DIVIDENDS

Shareholders’ meeting approved the profit distribution plans for the year 2022 on 31 March 2023, and the Company declared dividends of RMB6,000,000 for the year ended 31 December 2022, with RMB5,321,000 paid on 21 April 2023, and the remaining RMB679,000 paid on 18 November 2023.

Shareholders’ meeting approved the profit distribution plans for the year 2023 on 27 March 2024 and the Company declared dividends of RMB12,000,000 for the year ended 31 December 2023, with RMB10,389,000 and RMB300,000 paid on 27 March 2024 and 2 April 2024, respectively and the remaining RMB1,311,000 paid on 7 April 2024.

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

On 23 December 2025, the Company was converted to a joint stock limited liability company. A total of 2,381,530 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods for the purpose of computation of basic earnings per share. The additional shares transferred from capital reserve in January 2026 were treated as if it had occurred before the beginning of 2023, the earliest period presented, for the earnings per share calculation.

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods. As the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods, no adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods.

The calculation of basic and diluted loss per share is based on:

	2023	2024
<u>Earnings</u> (RMB’000)		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	79,642	118,704
<u>Shares</u>		

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	2023	2024
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation*	130,215,909	137,572,110

* The weighted average number of ordinary shares in issue used in the basic earnings per share calculation has been adjusted retrospectively to reflect the [REDACTED] of shares on a [REDACTED] basis, which shall take effect immediately upon the [REDACTED].

For the details of pre-[REDACTED] investments, please refer to note 20 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Vehicle and others
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023	
Cost	469
Accumulated depreciation	(367)
Net carrying amount	102
At 1 January 2023, net of accumulated depreciation	102
Additions	6
Depreciation provided during the year	(49)
At 31 December 2023, net of accumulated depreciation	59
At 31 December 2023	
Cost	475
Accumulated depreciation	(416)
Net carrying amount	59
31 December 2024	
At 1 January 2024	
Cost	475
Accumulated depreciation	(416)
Net carrying amount	59
At 1 January 2024, net of accumulated depreciation	59
Additions	400
Depreciation provided during the year	(76)
At 31 December 2024, net of accumulated depreciation	383
At 31 December 2024	
Cost	875
Accumulated depreciation	(492)
Net carrying amount	383

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14. LEASES

The Group and the Company as a lessee

The Group has property lease contracts for headquarters offices and offline marketing centers for its operation. Property leases generally have lease terms of 2 to 7 years. Generally, the Group is restricted from assigning and subleasing the leased property outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group’s and the Company’s right-of-use assets and the movements during the Relevant Periods are as follows:

	<u>Office premises</u>
	<i>RMB’000</i>
As at 1 January 2023	6,791
Additions	3,379
Depreciation charge	<u>(3,413)</u>
As at 31 December 2023 and 1 January 2024	6,757
Additions	12,809
Depreciation charge	<u>(4,250)</u>
As at 31 December 2024	<u>15,316</u>

(b) Lease liabilities

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

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at beginning of the year	7,693	7,602
New leases	3,379	12,809
Accretion of interest recognised during the year	400	384
Payments	<u>(3,870)</u>	<u>(4,924)</u>
Carrying amount at end of the year	<u>7,602</u>	<u>15,871</u>
Analysed into:		
Current portion	4,232	4,308
Non-current portion	<u>3,370</u>	<u>11,563</u>
	<u>7,602</u>	<u>15,871</u>

The maturity analysis of lease liabilities is disclosed in note 27 to the Historical Financial Information.

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

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Interest on lease liabilities	400	384
Depreciation charge of right-of-use assets	3,413	4,250
Expense relating to short-term leases	<u>1,162</u>	<u>1,427</u>
Total amount recognised in profit or loss	<u>4,975</u>	<u>6,061</u>

(d) The total cash outflows for leases are disclosed in note 23 to the Historical Financial Information.

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15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES/DUE FROM SUBSIDIARIES

(a) Prepayments, deposits and other receivables

The Group

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	6,519	21,542
Other receivables ^{Note}	49,030	39,380
Deposits	815	1,668
Value-added tax recoverable.	<u>2,352</u>	<u>2,972</u>
Total	58,716	65,562
Less: Non-current portion	<u>(815)</u>	<u>(1,053)</u>
Current portion.	<u><u>57,901</u></u>	<u><u>64,509</u></u>

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	6,519	21,532
Other receivables	9,177	2,053
Deposits	<u>815</u>	<u>1,668</u>
Total	16,511	25,253
Less: Non-current portion	<u>(815)</u>	<u>(1,053)</u>
Current portion.	<u><u>15,696</u></u>	<u><u>24,200</u></u>

Notes:

- (a) Other receivables primarily consist of upfront payment to brand owners in relation to the value-added services.
- (b) The financial assets included in the prepayments, deposits and other receivables of the Group and the Company for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance of the Group and the Company was assessed to be minimal.

(b) Due from subsidiaries

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Due from subsidiaries	<u>12,264</u>	<u>4,764</u>

The amounts due from subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

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16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	131,458	306,019

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	131,458	279,908

The wealth management products issued by qualified financial institutions in Chinese mainland with annual expected return rates ranging from 1.65% to 2.50%. They are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

17. CASH AND CASH EQUIVALENTS

The Group

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	208,916	171,880
Denominated in		
RMB*	190,362	154,995
USD	18,554	16,885
Total	208,916	171,880

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	156,604	127,349
Denominated in		
RMB*	138,050	110,464
USD	18,554	16,885
Total	156,604	127,349

* The RMB is not freely convertible into other currencies, however, under Chinese mainland’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.

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18. OTHER PAYABLES AND ACCRUALS/DUE TO SUBSIDIARIES

(a) Other payables and accruals

The Group

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities (<i>note (i)</i>)	17,752	23,773
Salary and welfare payable	14,907	20,980
Other payables (<i>note (ii)</i>)	122,429	141,453
Accruals	1,583	1,426
Other tax payable	1,426	2,082
Total	<u>158,097</u>	<u>189,714</u>

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities (<i>note (i)</i>)	17,752	23,773
Salary and welfare payable	14,613	19,916
Other payables (<i>note (ii)</i>)	66,987	74,105
Accruals	1,583	1,426
Other tax payable	1,307	1,790
Total	<u>102,242</u>	<u>121,010</u>

Notes:

(i) Details of contract liabilities of the Group and the Company are as follows:

	<u>1 January</u>	<u>31 December</u>	
	<u>2023</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Platform service	<u>12,057</u>	<u>17,752</u>	<u>23,773</u>

The contract liability balance at the end of each of the Relevant Periods includes the annual fees received in advance which will be recognised as revenue over the service period. The increase in contract liabilities at the end of each of the Relevant Periods was mainly due to the increase in the number of new merchants.

(ii) Other payables mainly consist of advance receipts in relation to value-add services. Other payables are non-interest-bearing and would be settled in a period ranging from three months to one year.

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(b) Due to subsidiaries

The Company

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Due to subsidiaries	1,100	1,850

The amounts due to subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

19. DEFERRED TAX

The Group and the Company

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

Deferred tax assets

	<u>Lease liabilities</u>	<u>Contract liabilities</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023.	1,154	1,809	2,963
Deferred tax (charged)/credit to profit or loss during the year (<i>note 10</i>)	(13)	854	841
Gross deferred tax assets at 31 December 2023 and 1 January 2024	1,141	2,663	3,804
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	1,240	903	2,143
Gross deferred tax assets at 31 December 2024	<u>2,381</u>	<u>3,566</u>	<u>5,947</u>

Deferred tax liabilities

	<u>Right-of-use assets</u>
	<i>RMB’000</i>
At 1 January 2023.	1,019
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	(5)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	1,014
Deferred tax charged to profit or loss during the year (<i>note 10</i>).	1,284
Gross deferred tax liabilities at 31 December 2024.	<u>2,298</u>

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

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Net deferred tax assets recognised in the consolidated and the Company’s statement of financial position	<u>2,790</u>	<u>3,649</u>

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20. PAID-IN CAPITAL

The Group and the Company

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Paid-in capital	<u>2,184</u>	<u>2,184</u>

Movement of paid-in capital

A summary of movements in the Group’s and Company’s paid-in capital and share capital is as follows:

	<u>Paid-in capital</u>
	<i>RMB'000</i>
At 1 January 2023.	1,532
Issue of ordinary shares (<i>note a</i>).	377
Capitalisation of capital reserve (<i>note b</i>).	<u>275</u>
At 31 December 2023, 1 January 2024 and 31 December 2024	<u>2,184</u>

Notes:

- (a) In March 2023, Xiangzu Future LP and All Things Leasable LP, two employee shareholding platforms (“ESOP Platforms”), which were established to implement restricted share units (“RSU”) schemes (the “Employee Incentive Schemes”) subscribed for a total of 266,756 shares of the Company at the nominal value. Furthermore, in April 2023, the Company entered into a capital injection agreement with new shareholders, pursuant to which total capital of RMB30,200,000 was injected into the Company. Therefore, RMB377,000 and RMB30,090,000 credited to the Company’s paid-in capital and capital reserve during the year ended 31 December 2023, respectively.
- (b) On 23 April 2023, the shareholders of the Company resolved to increase the registered share capital of the Company from RMB1,532,000 to RMB1,807,000 by increasing the number of shares through the application of the capital reserve of the Company, without changing the par value of each share, where RMB275,000 out of the capital reserve was applied to the registered share capital of the Company.

Pre-[REDACTED] Investments

Pursuant to the shareholders agreements entered into from September 2018 to April 2025, (collectively, the “Agreements”), variable [REDACTED] investors (collectively the “Pre-[REDACTED] Investors”) subscribed for 37.43% interest in the Company for a total net cash proceed of RMB177.7 million (collectively the “Pre-[REDACTED] Investments”). Pursuant to the Agreements, the Pre-[REDACTED] Investors were granted by the Company with redemption rights.

There was no exercise of redemption rights granted by the Company throughout the reporting periods.

Pursuant to the supplemental agreement entered into between the Company and the Pre-[REDACTED] Investors on 10 December 2025, the redemption rights have been terminated and are *void ab initio*. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the Director considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

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Had the redemption rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities, net current assets and net assets would have been:

	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Redemption financial liabilities	124,549	215,836
Total current liabilities	293,698	419,573
Net current assets	104,577	122,835
Net assets	<u>111,827</u>	<u>131,849</u>

The finance costs associated with the redemption financial liabilities, the net profit for the year, basic and dilutive earning per share would have been:

	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Financial costs associated with the redemption financial liabilities	25,390	91,287
Total net profit	54,252	27,417
Basic and diluted earnings per share	<u>RMB0.42</u>	<u>RMB0.20</u>

21. SHARE-BASED PAYMENT

In 2023, ESOP Platforms were established to implement the Employee Incentive Schemes for the purpose of providing incentives and rewards to eligible incentive employees of the Company who contribute to the success of the Group’s operations. The ESOP Platforms are structured as a limited partnership, with Mr. Hong Guozhi, acting as the executive partner, who is responsible for the management and administration of each ESOP Platform. The limited partners of the ESOP Platforms are employees of the Group. The Group has no control over the ESOP Platforms.

In March 2023, The ESOP Platforms subscribed for a total of 266,756 shares of the Company at the nominal value. All the subscribed shares are used for the Employee Incentive Scheme.

On 31 March 2023, 31 March 2024 and 30 June 2025, the Group granted 266,756 RSUs, 33,331 RSUs and 18,027 RSUs of the Company to eligible employees at a subscription price of RMB1.081, RMB0.398 and RMB0.605 per share, respectively, through the ESOP Platforms. Except for the 146,448 RSUs granted to Mr. Hong Guozhi and Mr. He Zelin which were vested immediately resulting in a transfer of the amount of RMB14,071,000 from the share-based payment reserve to capital reserve, the vesting of the other RSUs granted is subject to the service condition and the [REDACTED] Condition. The [REDACTED] Condition is satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

The following RSUs were outstanding under the Employee Incentive Scheme during the Relevant Periods:

	Weighted average exercise price	Number of RSUs
As at 1 January 2023	—	—
Granted during the year	RMB1.037	266,756*
Vested during the year	RMB1.000	<u>(146,448)</u>
As at 31 December 2023 and 1 January 2024	RMB1.081	120,308
Granted during the year	RMB0.398	<u>33,331*</u>
As at 31 December 2024	RMB0.933	<u>153,639</u>

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The fair values of the RSUs as at the grant date were determined with reference to the fair value of RSU on the grant dates, using hybrid method. Major inputs used for the determination of the fair values of RSU are listed as follow:

	<u>2023</u>	<u>2024</u>
Expected volatility	55.0%	50.8%
Risk-free interest rate.	2.36%	1.23%
Dividend yield	0%	0%

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023 and 2024, the Group recognised share-based payment expenses of RMB16,554,000 and RMB4,405,000, respectively.

22. RESERVES

The Group

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

Capital reserve

Capital reserve of the Company before conversion into a joint stock company, representing the net proceeds of capital contribution received in excess of the paid-in capital.

Share-based payment reserve

The share-based payment reserve represents the reserve arising from share-based payment transactions, further details of which are included in note 21 to the Historical Financial Information.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital of the Company and subsidiaries provided that the reserve balance after such conversion is not less than 25% of the registered capital of the Company and subsidiaries. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

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Statements of changes in equity of the Company

	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023.	1,532	40,793	–	1,855	71,026	115,206
Profit and total comprehensive income for the year	–	–	–	–	72,200	72,200
Capital contribution by shareholders	377	30,090	–	–	–	30,467
Capitalisation of capital reserve	275	(275)	–	–	–	–
Recognition of equity-settled share-based payment expenses	–	–	16,554	–	–	16,554
Transfer upon vesting of shares granted	–	14,071	(14,071)	–	–	–
Dividends paid	–	–	–	–	(6,000)	(6,000)
At 31 December 2023 and 1 January 2024	<u>2,184</u>	<u>84,679</u>	<u>2,483</u>	<u>1,855</u>	<u>137,226</u>	<u>228,427</u>
Profit and total comprehensive income for the year	–	–	–	–	107,737	107,737
Recognition of equity-settled share-based payment expenses	–	–	4,405	–	–	4,405
Dividends paid	–	–	–	–	(12,000)	(12,000)
At 31 December 2024	<u>2,184</u>	<u>84,679</u>	<u>6,888</u>	<u>1,855</u>	<u>232,963</u>	<u>328,569</u>

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2024, the Group had non-cash additions to right-of-use assets of RMB3,379,000 and RMB12,809,000, respectively, with the responding same amounts of lease liabilities, respectively, in respect of lease arrangements for office premises.

(b) Reconciliation of liabilities arising from financing activities during the Relevant Periods is as follows:

	Lease liabilities
	RMB'000
At 1 January 2023.	7,693
Changes from financing cash flows:	
Capital element of lease liabilities	(3,470)
Interest paid	(400)
Other changes:	
New leases	3,379
Interest expenses	400
At 31 December 2023 and 1 January 2024.	<u>7,602</u>
Changes from financing cash flows:	
Capital element of lease liabilities	(4,540)
Interest paid	(384)
Other changes:	
New leases	12,809
Interest expenses	384
At 31 December 2024	<u>15,871</u>

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(c) Total cash outflows for leases

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

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Within operating activities	1,162	1,427
Within financing activities	3,870	4,924
Total	<u>5,032</u>	<u>6,351</u>

24. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant contractual commitments.

25. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transaction and balance with related parties

During the Relevant Periods, there were no significant transactions and balance with related parties.

(b) Compensation of key management personnel and related parties of the Group:

Details of the compensation of key management personnel of the Group are disclosed as follows:

	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	2,688	3,367
Performance-related bonus	790	1,066
Share-based payment expenses	14,865	1,472
Pension scheme contributions	192	203
Total	<u>18,535</u>	<u>6,108</u>

Further details of directors’, the supervisors’ and the chief executive’s remuneration are included in note 8 to the Historical Financial Information.

(c) Redemption rights of the Pre-[REDACTED] Investors granted by Mr. Hong Guozhi and Mr. He Zelin

According to the capital increase agreements entered into by the Company and the shareholders from September 2018 to May 2025, certain Pre-[REDACTED] Investors had been granted the special rights including redemption right by Mr. Hong Guozhi and Mr. He Zelin. Pursuant to the supplemental agreement entered into by the Company and the shareholders on 10 December 2025, the redemption rights granted by Mr. Hong Guozhi and Mr. He Zelin have been terminated.

The Company has not provided any form of guarantee in connection with any potential failure of Mr. Hong Guozhi and Mr. He Zelin to fulfill their obligations relating to the redemption rights granted by Mr. Hong Guozhi and Mr. He Zelin. Accordingly, as the redemption rights granted by Mr. Hong Guozhi and Mr. He Zelin do not constitute any obligation of the Company, no financial liability regarding such rights were recorded by the Company during the Relevant Periods.

For the details of Pre-[REDACTED] Investments, please refer to note 20 to the Historical Financial Information.

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26. FINANCIAL INSTRUMENTS BY CATEGORY

Both the financial assets and liabilities of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Financial assets at amortised cost</i>		
Financial assets included in prepayments and other receivables	49,845	41,048
Cash and cash equivalents	<u>208,916</u>	<u>171,880</u>
Subtotal	<u>258,761</u>	<u>212,928</u>
<i>Financial assets at fair value through profit or loss – Designated as such upon initial recognition</i>		
Financial assets at fair value through profit or loss	131,458	306,019
Total	<u>390,219</u>	<u>518,947</u>

Financial liabilities

	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Financial liabilities at amortised cost</i>		
Financial liabilities included in other payables and accruals . .	124,012	142,879
Lease liabilities	<u>7,602</u>	<u>15,871</u>
Total	<u>131,614</u>	<u>158,750</u>

For the details of Pre-[REDACTED] Investments, please refer to note 20 to the Historical Financial Information.

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	<u>Carrying amount</u>		<u>Fair value</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets				
Deposits (non-current)	815	1,053	801	1,037
Financial assets at fair value through profit or loss . . .	<u>131,458</u>	<u>306,019</u>	<u>131,458</u>	<u>306,019</u>
	<u>132,273</u>	<u>307,072</u>	<u>132,259</u>	<u>307,056</u>

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Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, 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 assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of wealth management products issued by qualified financial institutions in Chinese mainland included in the financial assets at fair value through profit or loss are quoted from active markets or measured at the fair values by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group’s finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the finance director. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director.

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023				
Financial assets at fair value through profit or loss.	50,792	80,666	–	131,458
31 December 2024				
Financial assets at fair value through profit or loss.	51,300	254,719	–	306,019

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 both financial assets and financial liabilities.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, and financial asset at fair value through profit or loss, financial liabilities included in other payables and accruals. 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 financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

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 the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for the Group’s financial assets.

	<u>12-month ECLs</u>
	<u>Stage 1</u>
	<i>RMB’000</i>
At 31 December 2023	
Financial assets included in prepayments and other receivables*	49,845
Cash and cash equivalents	208,916
	<u>258,761</u>
At 31 December 2024	
Financial assets included in prepayments and other receivables*	41,048
Cash and cash equivalents	171,880
	<u>212,928</u>

* 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 aims to maintain sufficient cash to meet the liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt.

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

At 31 December 2023

	<u>On demand</u>	<u>Within one year</u>	<u>One to three years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	–	124,012	–	124,012
Lease liabilities	–	4,317	3,505	7,821
Total	–	<u>128,329</u>	<u>3,505</u>	<u>131,833</u>

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At 31 December 2024

	<u>On demand</u>	<u>Within one year</u>	<u>One to three years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in other payables and accruals	–	142,879	–	142,879
Lease liabilities	–	<u>4,394</u>	<u>12,026</u>	<u>16,420</u>
Total	–	<u>147,273</u>	<u>12,026</u>	<u>159,299</u>

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 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 Relevant Periods.

29. EVENTS AFTER THE RELEVANT PERIODS

Conversion into a joint stock limited company

Pursuant to the shareholders’ resolutions dated 12 December 2025, the shareholders of the Company approved the conversion of the Company into a joint stock company with 2,381,530 shares in a nominal value of RMB1.00 each. Upon the completion of registration on 23 December 2025, the Company was converted into a joint stock company with limited liability.

Capitalisation of capital reserve

On 19 January 2026, the shareholders resolved to capitalise the capital reserve of the Company (the “Capitalisation Issue”) by issuing 12,618,470 new shares for each existing share to the then existing shareholders. The shareholders’ respective shareholding percentages remain unchanged immediately before and after the Capitalisation Issue. Upon completion of the Capitalisation Issue, the registered share capital of the Company increased from RMB2,381,530 to RMB15,000,000 and was divided into 15,000,000 shares with a nominal value of RMB1.00 per share.

30. 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 31 December 2024.