

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-54, received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[LOGO]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EASYLIVE GROUP INC. AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of Easylive Group Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-54, which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-54 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 initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial

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Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 December 2023, 2024 and 2025, of the Company’s financial position as at 31 December 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

[Dividends]

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the group entities comprising the Group in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.]

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	NOTES	2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	6	50,666	98,951	514,918
Other income	7	3,823	728	43
Other gains and losses, net	8	(299)	4,786	(316)
Impairment losses recognised on financial assets at amortised cost under expected credit loss model		—	(1,000)	—
Staff costs		(14,548)	(14,039)	(18,379)
Traffic acquisition costs related to online marketing solution business		—	(34,909)	(423,814)
Depreciation expenses		(84)	(1,495)	(1,415)
Other operating expenses		(4,606)	(5,942)	(9,359)
Finance costs	9	(176)	(143)	(205)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Share of result of an associate	17	(1,083)	—	—
Share of results of joint ventures	18	(355)	—	—
Profit before tax		29,830	43,195	51,187
Income tax expense	10	(3,384)	(5,060)	(8,866)
Profit for the year	11	26,446	38,135	42,321
Other comprehensive income (expense) for the year				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of a foreign operation		—	111	(336)
Other comprehensive income (expense) for the year		—	111	(336)
Total comprehensive income for the year		26,446	38,246	41,985
Profit (loss) for the year attributable to:				
Owners of the Company		26,924	39,413	42,414
Non-controlling interests		(478)	(1,278)	(93)
		26,446	38,135	42,321

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	<i>NOTE</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total comprehensive income (expense)				
for the year attributable to:				
Owners of the Company		26,924	39,524	42,078
Non-controlling interests		<u>(478)</u>	<u>(1,278)</u>	<u>(93)</u>
		<u>26,446</u>	<u>38,246</u>	<u>41,985</u>
Earnings per share attributable to owners of the Company				
— Basic (RMB cents)	14	<u>23.6</u>	<u>34.6</u>	<u>34.0</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		The Group			The Company	
		At 31 December			At 31 December	
	NOTES	2023	2024	2025	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets						
Property and equipment	15	148	519	630	—	—
Right-of-use asset	16	—	2,564	2,275	—	—
Investment in a subsidiary	34	—	—	—	—*	2,324
Investment in an associate	17	—	—	—	—	—
Investments in joint ventures	18	7	—	—	—	—
Other receivable	20	—	236	161	—	—
Deferred tax assets	19	—	51	50	—	—
		<u>155</u>	<u>3,370</u>	<u>3,116</u>	<u>—</u>	<u>2,324</u>
Current assets						
Trade and other receivables	20	7,839	29,938	98,680	1,163	4,295
Amount due from an associate	17	1,926	—	—	—	—
Financial assets at fair value through profit or loss (“FVTPL”)	22	24,161	4,000	—	—	—
Cash and cash equivalents	23	<u>19,013</u>	<u>9,884</u>	<u>58,930</u>	<u>1</u>	<u>85</u>
		<u>52,939</u>	<u>43,822</u>	<u>157,610</u>	<u>1,164</u>	<u>4,380</u>
Current liabilities						
Trade and other payables	24	5,428	6,831	20,275	963	4,555
Contract liabilities	25	3,620	1,032	53,394	—	—
Amounts due to subsidiaries	21	—	—	—	3,948	13,958
Lease liability	26	—	1,326	826	—	—
Income tax payable		<u>3,384</u>	<u>4,123</u>	<u>7,834</u>	<u>—</u>	<u>—</u>
		<u>12,432</u>	<u>13,312</u>	<u>82,329</u>	<u>4,911</u>	<u>18,513</u>
Net current assets (liabilities)		<u>40,507</u>	<u>30,510</u>	<u>75,281</u>	<u>(3,747)</u>	<u>(14,133)</u>
Total assets less current liabilities		<u>40,662</u>	<u>33,880</u>	<u>78,397</u>	<u>(3,747)</u>	<u>(11,809)</u>

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		The Group			The Company	
		At 31 December			At 31 December	
	NOTES	2023	2024	2025	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liability						
Lease liability	26	—	1,441	1,649	—	—
		<u>40,662</u>	<u>32,439</u>	<u>76,748</u>	<u>(3,747)</u>	<u>(11,809)</u>
Capital and reserves						
Share capital	27	1,030	—*	—*	—*	—*
Reserves		<u>40,110</u>	<u>34,195</u>	<u>78,597</u>	<u>(3,747)</u>	<u>(11,809)</u>
Equity attributable to owners of the Company		41,140	34,195	78,597	(3,747)	(11,809)
Non-controlling interests		<u>(478)</u>	<u>(1,756)</u>	<u>(1,849)</u>	—	—
Total equity		<u>40,662</u>	<u>32,439</u>	<u>76,748</u>	<u>(3,747)</u>	<u>(11,809)</u>

* Less than RMB1,000

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	Attributable to owners of the Company								
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (note (i))	RMB'000 (note (ii))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,030	—	3,764	—	—	4,768	9,562	—	9,562
Profit (loss) and other comprehensive income (expense) for the year	—	—	—	—	—	26,924	26,924	(478)	26,446
Recognition of equity-settled share-based payment	—	—	—	4,654	—	—	4,654	—	4,654
Transfer	—	—	1,236	—	—	(1,236)	—	—	—
At 31 December 2023	1,030	—	5,000	4,654	—	30,456	41,140	(478)	40,662
Profit (loss) for the year	—	—	—	—	—	39,413	39,413	(1,278)	38,135
Exchange difference arising on translation of a foreign operation	—	—	—	—	111	—	111	—	111
Total comprehensive income (expense) for the year	—	—	—	—	111	39,413	39,524	(1,278)	38,246
Capital injection (note (iii))	8,970	—	—	—	—	—	8,970	—	8,970
Dividend recognised as distribution (Note 13)	—	—	—	—	—	(36,640)	(36,640)	—	(36,640)
Deemed distribution to the then immediate holding company of GZ Suishoubo upon the group reorganisation (Note 2)	(10,000)	—	—	(8,799)	—	—	(18,799)	—	(18,799)
Transfer	—	—	618	—	—	(618)	—	—	—
At 31 December 2024	—*	—	5,618	(4,145)	111	32,611	34,195	(1,756)	32,439
Profit (loss) for the year	—	—	—	—	—	42,414	42,414	(93)	42,321
Exchange difference arising on translation of a foreign operation	—	—	—	—	(336)	—	(336)	—	(336)
Total comprehensive (expense) income for the year	—	—	—	—	(336)	42,414	42,078	(93)	41,985
Issue of shares to a [REDACTED] investor upon the group reorganisation (Note 27)	—*	2,324	—	—	—	—	2,324	—	2,324
Transfer	—	—	998	—	—	(998)	—	—	—
At 31 December 2025	—*	2,324	6,616	(4,145)	(225)	74,027	78,597	(1,849)	76,748

* Less than RMB1,000

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Notes:

- (i) Pursuant to the relevant laws in the People’s Republic of China (the “PRC”), an entity established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the entity and can be used to make up for previous years’ losses or, expand the existing operations or can be converted into additional capital of the entity.
- (ii) Other reserve mainly represents (a) the difference between the registered capital of a subsidiary and the consideration paid by the Group to the controlling shareholders of the Company to acquire the equity interest of that subsidiary during the year ended 31 December 2024; and (b) the fair value of 4.75% equity interest in GZ Suishoubo (as defined in Note 2) granted to Mr. Wu (as defined in Note 2) under a share-based payment arrangement on 22 March 2023. Details about the share-based payment arrangement are set out in Note 36.
- (iii) Capital injection represents the paid-up of the remaining registered capital of GZ Suishoubo (as defined in Note 2) to RMB10,000,000 by the then immediate holding company, Zhangwo Information (as defined in Note 2) on 5 February 2024. The registered capital of GZ Suishoubo was increased from RMB10,000,000 to RMB11,236,000 subsequent to 5 February 2024. Details about such increase in registered share capital of GZ Suishoubo are set out in Note 2.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit before tax	29,830	43,195	51,187
Adjustments for:			
Impairment losses recognised on financial assets at amortised cost under expected credit loss model	—	1,000	—
Loss on written off of property and equipment	10	—	—
Depreciation of property and equipment	84	213	256
Depreciation of right-of-use asset	—	1,282	1,159
Equity-settled share-based payment	4,654	—	—
Finance costs	176	143	205
Share of result of an associate	1,083	—	—
Share of result of joint ventures	355	—	—
Gain on disposal of an associate	—	(1)	—
Gain on disposal of a joint venture	(600)	—	—
Impairment loss recognised on investment in a joint venture	679	—	—
Fair value changes of financial assets at FVTPL	152	(5,030)	—
Dividend income from financial assets at FVTPL	(20)	(12)	(6)
Loss on early termination of a lease agreement	—	—	60
Unrealised exchange loss	—	—	212
Interest income	(2)	(23)	(23)
Operating cash flows before movements in working capital	36,401	40,767	53,050
Increase in trade and other receivables	(3,235)	(23,046)	(66,321)
Increase in trade and other payables	2,508	1,665	12,526
Increase (decrease) in contract liabilities	3,620	(2,588)	52,362
Cash generated from operations	39,294	16,798	51,617
Income tax paid	—	(4,372)	(5,154)
NET CASH FROM OPERATING ACTIVITIES	39,294	12,426	46,463

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest received	2	15	4
Purchase of property and equipment	(4)	(584)	(367)
Investment in an associate	(590)	—	—
Investment in a joint venture	(200)	—	—
Advance to an associate	(645)	—	—
Repayment from an associate	—	1,926	—
Proceeds from disposal of an associate	—	1	—
Repayment from a joint venture	682	—	—
Proceeds from disposal of a joint venture	600	7	—
Advances to a related company (<i>Note 21</i>)	(37,343)	—	—
Repayments from a related company (<i>Note 21</i>)	39,591	—	—
Advances to shareholders	—	—	(26)
Repayments from shareholders	—	—	26
Advances to an independent third party	—	(14,000)	—
Repayments from an independent third party	—	14,000	—
Purchase of financial assets at FVTPL	(23,600)	(90,543)	(2,000)
Redemption of financial assets at FVTPL	1,420	115,714	6,000
Dividend received from financial assets at FVTPL	—	32	6
Placement of fixed deposit with original maturity less than three months	—	(522)	(2,000)
Withdrawal of fixed deposit with original maturity less than three months	—	522	2,000
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(20,087)	26,568	3,643

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
FINANCING ACTIVITIES			
Interest paid	(176)	(32)	(129)
Repayment to shareholders	(213)	—	—
Advances from a former related company (<i>Note 21</i>)	—	—	10,440
Repayments to a former related company (<i>Note 21</i>)	—	—	(10,440)
Dividend paid	—	(36,640)	—
Repayment of lease liability and its related interest element	—	(1,164)	(1,048)
Receipt of capital injection	—	8,970	—
Advance from a director pursuant to group reorganisation	—	18,799	—
Repayment to a director pursuant to group reorganisation	—	(18,799)	—
Acquisition of GZ Suishoubo pursuant to group reorganisation	—	(18,799)	—
New bank borrowings raised	43,817	34,100	69,700
Repayments of bank borrowings	(43,817)	(34,100)	(69,700)
[REDACTED] from issue of shares to a [REDACTED] investor	[REDACTED]	[REDACTED]	[REDACTED]
Payment of shares issue costs	<u>(437)</u>	<u>(569)</u>	<u>(1,659)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(826)</u>	<u>(48,234)</u>	<u>(512)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,381	(9,240)	49,594
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	632	19,013	9,884
Effect of foreign exchange rate changes	<u>—</u>	<u>111</u>	<u>(548)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>19,013</u></u>	<u><u>9,884</u></u>	<u><u>58,930</u></u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the Cayman Islands as an exempted company with limited liability on 20 March 2024 under the Companies Act, Cap 22 (As Revised) of the Cayman Islands.

The addresses of the registered office and the principal places of business of the Company are set out in the section headed “Corporate Information” to the Document.

The immediate holding company of the Company is Ample Chain Limited (“Ample Chain”), a limited liability company incorporated in the British Virgin Islands (“BVI”), and it is wholly-owned by Mr. Kong Xiaoming (“Mr. XM Kong”), who is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The Group is principally engaged in software as a service (“SaaS”) solutions business, which include provision of software development services and software solutions technical support services, and online marketing solutions business. The particulars of the Company’s subsidiaries are set out in Note 35.

The functional currency of the Company is RMB, which is same as the presentation currency of the Company.

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

The Historical Financial Information has been prepared in accordance with accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA.

Prior to the incorporation of the Company and completion of corporate reorganisation (the “Reorganisation”), Guangzhou Suishoubo Network Technology Co., Ltd* 廣州隨手播網絡科技有限公司 (“GZ Suishoubo”), a major operating entity of the entities now comprising the Group, was wholly-owned by Guangzhou Zhangwo Information Technology Co., Ltd* 廣州掌沃信息科技有限公司 (“Zhangwo Information”), a limited liability company established in the PRC and ultimately controlled by Mr. XM Kong.

* English translated name is for identification purpose only

The Reorganisation principally involved the following key steps:

- (1) On 20 March 2024, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and 1 share, 9,524 shares and 475 shares of the Company were allotted and issued, fully paid, to an incorporation agent, Ample Chain and Glitten Day Limited (“Glitten Day”) respectively. On the same day the 1 share was transferred from the incorporation agent to Ample Chain. Accordingly, 95.25% and 4.75% equity interests of the Company were held by Ample Chain and Glitten Day respectively. Glitten Day, a limited liability Company incorporated in BVI, is wholly-owned by Mr. Wu Shubin (“Mr. Wu”), one of the directors of the Company. Both Ample Chain and Glitten Day are investment holding companies.
- (2) On 23 April 2024, Easylive (HK) Limited (“Easylive HK”), a limited liability company, was incorporated in Hong Kong and 1 share of Easylive HK was allotted and issued, fully paid, to the Company at a consideration of HK\$1. Accordingly, Easylive HK is wholly-owned by the Company. On 28 May 2024, Guangdong Suishoubo Digital Technology Co., Ltd* 廣東隨手播數字科技有限公司 (“GD Suishoubo”), a wholly foreign owned enterprise, was established in the PRC by Easylive HK with limited liability and has an initial registered capital of RMB10,000,000. Upon its establishment, GD Suishoubo was wholly-owned by Easylive HK and became an indirect wholly-owned subsidiary of the Company.

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- (3) Immediately prior to the entering into of the capital increase agreement dated 12 June 2024 between GZ Suishoubo and Creativity Corporation Limited (“Creativity Corporation”), (i) GZ Suishoubo was wholly-owned by Zhangwo Information, and had a registered capital of RMB10,000,000 which had been fully paid up; (ii) Zhangwo Information was owned as to 95% and 5% by Zhuhai Maikē Enterprise Management Center (Limited Partnership)* (珠海邁科企業管理中心(有限合伙)) (“Zhuhai Maikē”), and Mr. XM Kong, respectively; and (iii) Zhuhai Maikē was a limited partnership established in the PRC and was owned as to 95% and 5% by Mr. XM Kong and Mr. Wu, respectively.

As at 12 June 2024, Ms. Luo Caifeng (“Ms. Luo”), who is a [REDACTED] investor, owned the entire equity interest in Creativity Corporation. Creativity Corporation is an investment holding company. Pursuant to a capital increase agreement dated 12 June 2024 between GZ Suishoubo and Creativity Corporation, Creativity Corporation agreed to inject RMB2,323,427.40 to GZ Suishoubo, of which RMB1,235,955.06 would be applied to the increase of the registered capital of GZ Suishoubo and the remaining balance of RMB1,087,472.34 would be injected to GZ Suishoubo as its capital reserve fund. The increase in registered capital of GZ Suishoubo from RMB10,000,000 to RMB11,236,000 was completed on 1 July 2024 and the capital injection by Ms. Luo through Creativity Corporation was completed on 5 March 2025, respectively.

- (4) Pursuant to an equity transfer agreement dated 14 September 2024, GD Suishoubo acquired from Zhangwo Information approximately 89% of the enlarged equity interest in GZ Suishoubo, at a cash consideration of RMB18,798,639.80. The consideration paid by GD Suishoubo had been financed by Mr. Wu and it was subsequently repaid by GZ Suishoubo on behalf of GD Suishoubo before the year ended 31 December 2024.

Upon completion of the above transfer, GZ Suishoubo became a subsidiary of the Company.

- (5) On 24 March 2025, the Company acquired from Ms. Luo 1 share of Creativity Corporation, representing the entire issued share capital of Creativity Corporation. The consideration for the acquisition was satisfied by the Company allotting and issuing 1,236 new shares to Ms. Luo, credited as fully paid.

Upon completion of the above acquisition of share of Creativity Corporation by the Company and allotment and issue of shares to Ms. Luo, (i) Creativity Corporation became a direct wholly-owned subsidiary of the Company; (ii) the Company was owned as to approximately 84.77% by Ample Chain, approximately 4.23% by Glitten Day and approximately 11% by Ms. Luo; and (iii) GZ Suishoubo became an indirect wholly-owned subsidiary of the Company.

- (6) On 24 March 2025, the Reorganisation as detailed in the section headed History, Development and Reorganisation in this document was duly completed.

* *English translated name is for identification purpose only*

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity as it only involves the insertion of investment holding companies between the operating subsidiaries and the shareholders.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period have been prepared to present the results, changes in equity and cash flows of the entities now comprising the Group, as if the group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period. The consolidated statements of financial position of the Group as at 31 December 2023 and 2024 are prepared to present the assets and liabilities of the entities now comprising the Group, as if the current group structure had been in existence at those dates, taken into account the respective dates of incorporation/establishment.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirement.

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3. APPLICATION OF HKFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conforms with HKFRS Accounting Standards issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the Group’s financial position and performance in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7 “Financial Instruments and Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss.

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4. MATERIAL ACCOUNTING POLICY INFORMATION

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

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

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

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

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

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

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

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

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

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

Investments in subsidiaries

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

Investment in an associate and joint ventures

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

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A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of an associate and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. For an associate and joint ventures that use accounting policies that differ from those of the Group for like transactions and events in similar circumstances, appropriate adjustments have been made to conform the associate’s and joint ventures’, accounting policies to those of the Group. Under the equity method, an investment in an associate and a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss of the associate or joint venture. When the Group’s share of losses of an associate and a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the associate or joint venture and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers (including satisfaction of performance obligation and consideration received prior to delivering services) are provided in Notes 6 and 25 respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an

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integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at FVTPL.

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

Impairment of financial assets subject to impairment assessment under HKFRS 9 “Financial Instruments” (“HKFRS 9”)

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amount due from an associate and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

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- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

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

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Derecognition of financial liabilities

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

Property and equipment

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

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

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 “Leases” (“HKFRS 16”) at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain properties 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 expense on a straight-line basis over the lease term.

Right-of-use asset

The cost of right-of-use asset includes:

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

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

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

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

Refundable rental deposit

Refundable rental deposit paid is accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use asset.

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Lease liability

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on relevant loan prime rate published by the People’s Bank of China.

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

After the commencement date, lease liability is adjusted by interest accretion and lease payments.

The Group remeasures lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for a separate lease (see below for the accounting policy for “lease modification”).

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liability by making corresponding adjustments to the relevant right-of-use asset.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s foreign operation are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses item are translated at the average exchange rates for the period, unless

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exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of “exchange reserve” (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Employee benefits

Retirement benefits costs

Payments to the defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss, with corresponding increase in equity (other reserve).

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction

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that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Provisions

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

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

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the management of the Group is required to make estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements and key sources of estimates that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Recognition of revenue from contracts with customers including multiple performance obligations or variable consideration in SaaS solutions business

In applying HKFRS 15, the Group has made significant judgements in identifying performance obligations and determining the appropriate timing and method of revenue recognition.

The Group is engaged in SaaS solutions business by providing software development services and technical support services to its customers. Among the contracts entered with customers in SaaS solutions business, certain contracts with customers may include multiple performance obligations, which typically require the Group to develop customised software for its customers, deliver the completed software, and/or provide subsequent technical support services over an agreed service period. Based on the nature of the promised services and the contractual terms, the management of the Group has concluded that the software development services and technical support services are two distinct services. Revenue from software development services is recognised at a point in time, upon delivery and acceptance by the customer, as control is transferred at that moment. Revenue from technical support services, where the services are provided continuously over the service period, are recognised over time as the customer simultaneously receives and consumes the benefits of the service.

For such contracts, the Group allocates transaction price to each performance obligation based on its relative stand-alone selling price of similar services currently charged to respective customers. If the stand-alone selling price is not directly observable, it is estimated using average historical prices charged to customers in the recent years. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may have impact on the revenue recognition.

In addition, certain contracts with customers including multiple performance obligations do not stipulate fixed consideration. Instead, the Group is entitled to a variable consideration calculated as a pre-determined percentage of cash received by the customer from its use of the developed software over a specified period of time. As such, the Group’s revenue with variable consideration is highly uncertain and contingent upon factors outside the Group’s or customer’s control, including (a) whether the customer will launch/actively use the software, (b) the revenue generation capability of the customer after the software is launched by the customer, and (c) the regulatory compliance status of the end users (e.g., live-streaming hosts), which can materially impact the operational viability and lifespan of the software.

Given the high level of uncertainty surrounding the amount and timing of consideration, the Group has concluded that variable consideration is constrained and it is not highly probable that a significant reversal in revenue will not occur if revenue is recognised based on estimated usage. Therefore, for contracts with variable consideration, revenue from both the software development services and the technical support services is recognised only when settlement record is confirmed with customers, which approximate to cash actually received by the Group. Furthermore, as the total revenue that can be generated throughout the lifespan of the software cannot be estimated reliably due to the factors mentioned above, including the fact that the Group can early terminate the technical support services if the revenue generation capability of customer falls short below certain amount, the period over which the Group can benefit may be much shorter than the service period specified in the contracts with customers and vice versa. Any amount received by the Group at particular point in time may be higher or lower than the relative stand-alone selling price at that point of time and such revenue cannot be deferred or accrued reliably over the service period specified in the contracts or the actual life of the software, whichever is shorter. Accordingly, upon receipt of each payment, the Group allocates the consideration to the two performance obligations based on their estimated relative stand-alone selling prices prevailing during the relevant period.

These judgements have a significant impact on the timing and measurement of revenue recognised in the Group’s Historical Financial Information.

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6. REVENUE AND SEGMENT INFORMATION

Revenue

The Group generates revenue primarily from SaaS solutions business and online marketing solutions business in the Chinese Mainland and Hong Kong. Revenue is recognised when control of services is transferred to a customer.

(A) Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of service			
Software development services and technical support services	50,666	63,067	64,570
Online marketing solution services	—	35,884	450,348
	<u>50,666</u>	<u>98,951</u>	<u>514,918</u>
Timing of revenue recognition			
A point in time	34,999	90,962	501,556
Over time	<u>15,667</u>	<u>7,989</u>	<u>13,362</u>
	<u>50,666</u>	<u>98,951</u>	<u>514,918</u>

(B) Performance obligations for contracts with customers

- (a) The Group recognises revenue from the following businesses:

SaaS solutions business

The Group’s revenue from SaaS solutions business is generated from provision of software development services and technical support services. The Group entered into contracts with customers and agreed scope of services according to the customer’s specific requirements, of which certain contracts may include (i) single performance obligation, which refers to either software development services or technical support services, or (ii) multiple performance obligations, which refer to both software development services and technical support services. In addition, based on the terms of contracts, in exchange for transferring the services to the customers, the Group is entitled to charge its customers at a fixed price or at a variable consideration calculated as a pre-determined percentage of cash received by the customer from its use of the developed software over a specified period of time.

Depending on the terms of the contracts, control of services mentioned above may be transferred at a point in time or over time. The Group recognises revenue from the following services:

(i) Software development services

With respect to the software development services, the Group is typically responsible in assisting customers in developing, installing and testing of the relevant software application. The Group may either develop the software from scratch or modify, upgrade and/or add new features to the customers’ existing software application. Revenue from software development services is recognised at a point in time as the performance obligation is satisfied upon delivery and acceptance of the software by the customers.

For contracts with customers including single performance obligation, the consideration for the provision of software development service is fixed and specified in the sales contract. The Group issues billings to the customers once they accepted the software and the payment is generally due within 10 days from the invoice date.

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(ii) Technical support services

With respect to the technical support services, after customers’ launch of the software application (either developed by the Group or by customers themselves), the Group is typically responsible for system updates, development and maintenance of new modules, bug repairs and other software maintenance services. The service period generally ranges from 1 year to 5 years. Revenue from technical support services is recognised over time as the customers simultaneously receive and consume the benefits to the services.

For contracts with customers including single performance obligation, the term generally ranges from 1 year to 5 years. The Group is entitled to bill the customers at a fixed amount on a yearly basis and the payment is generally due within 10 days from invoice date.

Contracts with multiple performance obligations

Where the contracts include multiple performance obligations, the management of the Group concludes that software development services and technical support services are two distinct services and allocates the transaction price to each performance obligation based on its relative stand-alone selling price of similar services currently charged to respective customers. If the stand-alone selling price is not directly observable, it is estimated using average historical prices charged to customers in the recent years.

Variable consideration

For the contracts with customers where the Group is entitled to charge its customers at a variable consideration calculated as a pre-determined percentage of cash received by the customer from its use of the developed software (either developed by the Group or by customers themselves), the management of the Group concludes that variable consideration is constrained and a high level of uncertainty is surrounding the amount and the timing of recognition. In addition, the period over which the Group can benefit may be much shorter than the service period specified in the contracts with customers and vice versa. Any amount received by the Group at particular point in time may be higher or lower than the relative stand-alone selling price at that point as time and such revenue cannot be deferred or accrued reliably over the service period specified in the contracts or the actual life of the software, whichever is shorter. In this case, revenue is recognised only when settlement record is confirmed with customers, which approximate to cash actually received by the Group as it is only the point that the associated uncertainty with the variable consideration is resolved. The Group issues billings to the customers on a monthly basis and payment is generally due within 10 days from the invoice date.

Details about judgements applied and estimates involved in recognition and measurement of the revenue from contracts with customers including multiple performance obligations or variable consideration are set out in Note 5.

Online marketing solutions business

The Group’s revenue from online marketing solutions business is generated from provision of online marketing solution services.

With respect to online marketing solution services, the Group typically offers an overall customised marketing plan which includes (i) setting up tailor-made marketing plan; (ii) designing and production of advertising materials; (iii) collaborating with advertising agents for online traffic acquisition in different online media platforms and placement of advertisements designed and produced by the Group on the designated online media platforms; and (iv) other additional value-added services such as advertisement placements’ performance monitoring and analysis.

The Group acts as the principal to these contracts with customers as it controls the specified advertising traffic resources and the specified advertising strategy and materials before they are displayed to the target users on the designated online media platforms. Accordingly, the Group recognises revenue earned and costs incurred related to the transactions on a gross basis, taking into consideration that (i) the Group is primarily responsible for fulfilling the promise to provide the specified services, (ii) identifying and

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contracting with individual customers and negotiating with them the contract price, and (iii) identifying and contracting with advertising agents (normally the Group made prepayments to advertising agents for the advertising traffic to be used for a future period of within twelve months).

Revenue is recognised at a point in time when specific services were provided which is measured with reference to the consumption of advertising traffic on the designated online media platforms together with a pre-determined mark-up. The advertising traffic is consumed upon displaying the advertising materials and reactions of the target users on the designated online media platforms. The Group issues billings to customers on a weekly basis, which are based on previous week’s actual advertising traffic consumption plus a pre-determined mark up, and the payment is generally due within 5 days from the billing date.

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

All the software development services and online marketing solution services are for periods of less than 1 year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For certain contracts of technical support services, the term generally ranges from 1 year to 5 years and the Group is entitled to bill the customers at a fixed amount on a yearly basis. In the opinion of the directors of the Company, transaction price allocated to the remaining performance obligations as at 31 December 2023, 2024 and 2025 were immaterial and, thus, no separate disclosure was made.

No disclosure was made for the transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

Segment information

The Group’s chief operating decision maker (“CODM”), who has been identified as the Chief Executive Officer (the “CEO”), reviews the consolidated results of the Group when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one operating and reportable segment. No analysis of segment assets and liabilities is presented as such information is not regularly provided to CODM for the purposes of resources allocation and performance assessment.

Geographical information

As all of the Group’s non-current assets are located in the Chinese Mainland, no geographical information for the non-current assets is presented. Information about the Group’s revenue from external customers is presented based on the location of their operations.

	For the year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese Mainland	49,658	85,671	497,122
Hong Kong	<u>1,008</u>	<u>13,280</u>	<u>17,796</u>
	<u>50,666</u>	<u>98,951</u>	<u>514,918</u>

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Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	For the year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	13,919	11,138	N/A ¹
Customer B	5,787	N/A ¹	N/A ¹
Customer C	9,330	13,676	N/A ¹
Customer D	6,224	N/A ¹	N/A ¹
Customer E	6,740	N/A ¹	N/A ¹
Customer F	N/A ²	30,175	175,281

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

² No revenue generated from this customer in the respective year.

7. OTHER INCOME

	For the year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government subsidies (<i>note</i>)	3,769	662	12
Interest income from bank deposits	2	15	4
Interest income from amortisation of rental deposit	—	8	19
Dividend income from financial assets at FVTPL	20	12	6
Others	32	31	2
	<u>3,823</u>	<u>728</u>	<u>43</u>

Note: Government grants include (i) incentives offered by the PRC local government authorities to the Company’s subsidiaries in the PRC for encouraging their local investments of RMB503,000, RMB170,000 and nil for the years ended 31 December 2023, 2024 and 2025 respectively; and (ii) refund of value-added tax from the PRC tax authorities attributable to certain eligible products sold by the Company’s subsidiary in the PRC and refund of individual income tax in the PRC of RMB3,266,000, RMB492,000 and RMB12,000 for the years ended 31 December 2023, 2024 and 2025 respectively. There are no unfulfilled conditions or contingencies relating to these grants.

8. OTHER GAINS AND LOSSES, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fair value changes on financial assets at FVTPL	(152)	5,030	—
Exchange (loss) gain, net	(5)	8	(196)
Gain on disposal of an associate	—	1	—
Gain on disposal of a joint venture	600	—	—
Impairment loss recognised in respect of investment in a joint venture	(679)	—	—
Loss on written off of property and equipment	(10)	—	—
Loss on early termination of a lease agreement	—	—	(60)
Others	(53)	(253)	(60)
	<u>(299)</u>	<u>4,786</u>	<u>(316)</u>

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9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	176	32	129
Interest on lease liability	—	111	76
	<u>176</u>	<u>143</u>	<u>205</u>

10. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax			
PRC Enterprise Income Tax (“EIT”)	3,384	4,856	6,468
Hong Kong Profits Tax	—	29	1,572
	<u>3,384</u>	<u>4,885</u>	<u>8,040</u>
Under-provision in prior year			
PRC EIT	—	226	825
Deferred tax (credit) charge (Note 19)	—	(51)	1
	<u>3,384</u>	<u>5,060</u>	<u>8,866</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2023, 2024 and 2025, except for certain subsidiary which is entitled preferential tax rate as explained below.

In accordance with Caishui Circular 2012 No. 27 (“Circular No. 27”), a PRC subsidiary is qualified as a software enterprise and enjoying a 5-year tax holiday (two years full exemption followed by three years half reduction) beginning from 2021 after utilising all prior years’ tax losses. The income tax rate for the subsidiary was 12.5% from 2023 to 2025. Since 1 January 2026, such PRC subsidiary is eligible as High and New Technology Enterprise and is entitled to an income tax rate of 15% from 2026 to 2028.

According to a policy promulgated by the State Tax Bureau of the PRC, enterprises engaged in research and development activities are entitled to claim an additional tax deduction amounting to 100% of the qualified research and development expenses incurred in determining its assessable tax profits for the years ended 31 December 2023, 2024 and 2025 (“Super Deduction”).

Income tax expense for the year is reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>29,830</u>	<u>43,195</u>	<u>51,187</u>
Tax at domestic income tax rate of 25%	7,458	10,799	12,797
Effect of expenses that are not deductible for tax purpose	1,044	958	2,960
Effect of Super Deduction	(2,189)	(3,136)	(4,040)
Effect of tax concessions and partial tax exemption	(3,713)	(5,128)	(2,944)
Effect of different tax rate of a subsidiary operating in Hong Kong	—	(30)	(810)
Under-provision in prior year	—	226	825
Tax effect of deductible temporary difference not recognised	—	50	—
Tax effect of tax loss not recognised	426	1,321	78
Tax effect of share of results of associates and a joint venture	<u>358</u>	<u>—</u>	<u>—</u>
	<u>3,384</u>	<u>5,060</u>	<u>8,866</u>

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11. PROFIT FOR THE YEAR

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year is arrived at after charging:			
Directors’ remuneration (<i>Note 12</i>)	5,846	1,828	1,971
Other staff costs:			
Salaries and benefits	7,821	10,788	14,707
Contribution to retirement benefit scheme	881	1,423	1,701
Total staff costs	14,548	14,039	18,379
Auditor’s remuneration	22	35	23
Depreciation of property and equipment	84	213	256
Depreciation of right-of-use asset	—	1,282	1,159
[REDACTED] (<i>note</i>)	[REDACTED]	[REDACTED]	[REDACTED]
Gross profit of the Group is comprised of:			
<i>SaaS solution business</i>			
Revenue	50,666	63,067	64,570
Direct costs	(9,049)	(13,539)	(15,341)
Gross profit	41,617	49,528	49,229
<i>Online marketing solutions business</i>			
Revenue	—	35,884	450,348
Direct costs	—	(35,126)	(426,566)
Gross profit	—	758	23,782
The Group’s gross profit	41,617	50,286	73,011

Note: [REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED] of the Company’s shares. The Group incurred [REDACTED] of RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED] for the years ended 31 December 2023, 2024 and 2025 respectively, in which amount of RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED] were recognised in profit or loss and amount of RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED] will be deducted from the equity upon the initial [REDACTED] of the Company’s shares on the Main Board of the Stock Exchange (the “[REDACTED]”).

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12. DIRECTORS’ AND CHIEF EXECUTIVE’S EMOLUMENTS AND EMOLUMENTS OF EMPLOYEES

The emoluments paid or payable to the directors (including emoluments for the services as directors/employees of the group entities prior to becoming directors of the Company) and the chief executive disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance were as follows:

Name	Director fee RMB’000	Salaries and allowances RMB’000	Equity- settled share-based payment RMB’000	Retirement benefits scheme contributions RMB’000	Total RMB’000
For the year ended 31 December 2023					
Mr. XM Kong	—	268	—	84	352
Mr. Li Li	—	333	—	57	390
Mr. Wu	—	390	4,654	60	5,104
	—	991	4,654	201	5,846
For the year ended 31 December 2024					
Mr. XM Kong	—	518	—	136	654
Mr. Li Li	—	544	—	124	668
Mr. Wu	—	445	—	61	506
	—	1,507	—	321	1,828
For the year ended 31 December 2025					
Mr. XM Kong	—	601	—	102	703
Mr. Li Li	—	600	—	102	702
Mr. Wu	—	501	—	65	566
	—	1,702	—	269	1,971

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

Mr. Li Li is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

There was no arrangement under which the chief executive or a director waived or agreed to waive any emoluments during the years ended 31 December 2023, 2024 and 2025.

During the years ended 31 December 2023, 2024 and 2025, of the five individuals with the highest emoluments in the Group, three, three and three of them were directors which included the chief executive of the Company whose emoluments are included above. The emoluments of the remaining two, two and two individuals for the years ended 31 December 2023, 2024 and 2025, respectively are disclosed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries and allowances	707	653	1,125
Contributions to retirement benefit schemes	46	59	82
	753	712	1,207

	Year ended 31 December		
	No. of employees		
	2023	2024	2025
Their emoluments were within the following bands:			
— Nil to HK\$1,000,000	2	2	2

No emoluments were paid by the Group to the chief executive or the directors or the above individual(s) as an inducement to join the Group or as a compensation for loss of office for the years ended 31 December 2023, 2024 and 2025.

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13. DIVIDENDS

During the years ended 31 December 2023, 2024 and 2025, GZ Suishoubo declared and paid dividends of an aggregate amount of nil, RMB36,640,000 and nil, respectively to its then shareholders. The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of this Historical Financial Information.

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

14. EARNINGS PER SHARE

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Earning attributable to the owners of the Company for the purpose of calculation of basic earnings per share	<u>26,924</u>	<u>39,413</u>	<u>42,414</u>
	'000	'000	'000
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>113,920</u>	<u>113,920</u>	<u>124,837</u>

The number of ordinary shares for the purpose of basic earnings per share has been determined on the assumption that the [REDACTED] as set out in Note 37 has been effective on 1 January 2023.

No diluted earnings per share is presented for each of the years ended 31 December 2023, 2024 and 2025 as there is no potential ordinary share in issue during those years.

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15. PROPERTY AND EQUIPMENT

The Group

	Leasehold improvements, furniture, fixtures and equipments <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
COST			
At 1 January 2023	55	299	354
Additions	4	—	4
Written off	(44)	—	(44)
At 31 December 2023	15	299	314
Additions	61	523	584
At 31 December 2024	76	822	898
Additions	367	—	367
At 31 December 2025	443	822	1,265
DEPRECIATION			
At 1 January 2023	35	81	116
Provided for the year	9	75	84
Written off	(34)	—	(34)
At 31 December 2023	10	156	166
Provided for the year	19	194	213
At 31 December 2024	29	350	379
Provided for the year	57	199	256
At 31 December 2025	86	549	635
CARRYING VALUES			
At 31 December 2023	5	143	148
At 31 December 2024	47	472	519
At 31 December 2025	357	273	630

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements, furniture, fixtures and equipments	Shorter of lease-term or 33%–50%
Motor vehicles	25%

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16. RIGHT-OF-USE ASSET

The Group

	Leased property RMB’000 (note (i))
At 1 January 2023 and 31 December 2023	
Carrying amount	—
At 31 December 2024	
Carrying amount	2,564
At 31 December 2025	
Carrying amount	2,275
For the year ended 31 December 2023	
Depreciation charge	—
For the year ended 31 December 2024	
Depreciation charge	1,282
For the year ended 31 December 2025	
Depreciation charge	1,159

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expenses related to short-term leases	740	57	180
Total cash outflow for leases (note (ii))	740	1,221	1,228
Addition to right-of-use asset (note (iii))	—	3,846	2,473

Notes:

- (i) The leased property represents an office premise.
- (ii) Total cash outflow for leases included the repayment of lease liability and interest paid and payments related to short term leases.
- (iii) During the years ended 31 December 2024 and 2025, addition to right-of-use asset included adjustment to rental deposit amounting to RMB26,000 and RMB17,000 respectively.

For the year ended 31 December 2024, the Group leased an office premise in Guangzhou in the PRC for its operations. Lease contract was entered into for fixed term of 3 years. Such lease was early terminated in September 2025. For the year ended 31 December 2025, the Group leased another office premise in Guangzhou in the PRC for its operations and the lease term is 3 years. The Group may extend the lease beyond the initial agreed period but it is subject to mutual agreement between the Group and the property owner. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, lease liability of RMB2,767,000 and RMB2,475,000 was recognised with related right-of-use asset of RMB2,564,000 and RMB2,275,000 as at 31 December 2024 and 2025 respectively. The lease agreement did not impose any covenants other than the security interest in the leased asset that are held by the lessor. Leased assets may not be used as security for any borrowing purpose.

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17. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

The Group

(a) Investment in an associate

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investment in an associate	1,200	—	—
Share of post-acquisition losses	(1,200)	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

During the year ended 31 December 2024, the Group disposed of its interest in the associate to an independent third party at a cash consideration of RMB1,000 and the related gain on the disposal of RMB1,000 was recognised in profit or loss. At the end of each of reporting period, the Group had interest in the following associate:

Name of entity	Form of entity	Place of establishment/ operation	Proportion of ownership interest and voting right held by the Group			Principal activity
			At 31 December			
			2023	2024	2025	
			%	%	%	
Guangzhou Yiqixue Digital Technology Co., Ltd.* (“Yiqixue”) 廣州一起學數字科技有限公司 (previously named as Guangzhou Shixiyi Education Consultancy Co., Ltd* 廣州師習易教育諮詢有限公司)	Limited liability company	PRC	49	N/A	N/A	Software and information technology business

* English translated name is for identification purpose only.

The Group is able to exercise significant influence over Yiqixue because it casted significant voting rights in the shareholders meeting of Yiqixue.

Yiqixue is not considered as a material associate of the Group and no summarised financial information of the associate is separately disclosed.

(b) Amount due from an associate

The amount due from an associate at the end of each reporting period was non-trade in nature, interest-free, unsecured and repayable on demand.

Details of impairment assessment of amount due from an associate are set out in Note 30.

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18. INVESTMENTS IN JOINT VENTURES

The Group

Investments in joint ventures

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments in joint ventures	1,200	—	—
Share of post-acquisition losses	(514)	—	—
	686	—	—
Less: Impairment loss recognised in respect of investment in a joint venture	(679)	—	—
	7	—	—

During the year ended 31 December 2023, the Group disposed of its entire interest in Lingyu (as defined below) to an independent third party at a cash consideration of RMB600,000. During the year ended 31 December 2024, the Group disposed of its entire interest in GZ Tuoke (as defined below) at a cash consideration of RMB7,000. The related gains of these disposals of RMB600,000 and nil were recognised in profit or loss for the years ended 31 December 2023 and 2024 respectively.

At the end of each reporting period, the Group has interests in the following joint ventures:

Name of entities	Form of entities	Place of establishment/ operations	Proportion of ownership interest and voting might held by the Group			Principal activities
			At 31 December			
			2023	2024	2025	
			%	%	%	
Hainan Lingyu Culture Media Co., Ltd.* (“Lingyu”) 海南領娛文化傳媒有限公司	Limited liability company	PRC	N/A	N/A	N/A	Artist Management
Guangzhou Tuoke E-commerce Co., Ltd.* (“GZ Tuoke”) 廣州拓客電子商務有限公司	Limited liability company	PRC	19.2	N/A	N/A	Wholesale

* English translated name is for identification purpose only.

Lingyu and GZ Tuoke were considered as the joint ventures of the Group because the relevant activities of Lingyu required two-thirds consents from the shareholders and GZ Tuoke required the unanimous consent of all shareholders.

Lingyu and GZ Tuoke were not considered as the material joint ventures of the Group and no summarised financial information of joint ventures would be disclosed.

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19. DEFERRED TAXATION

The Group

The following are the major deferred tax assets and liabilities recognised and movements thereon during the Track Record Period:

	Right-of-use asset RMB'000	Lease liability RMB'000	Total RMB'000
At 1 January 2023 and 31 December 2023 (Charge) credit to profit or loss	— (641)	— 692	— 51
At 31 December 2024 Credit (charge) to profit or loss	(641) 72	692 (73)	51 (1)
At 31 December 2025	(569)	619	50

The Group has unused tax losses of RMB1,704,000, RMB6,988,000 and RMB7,300,000 available for offset against future profits as at 31 December 2023, 2024 and 2025 respectively. No deferred tax assets were recognised in respect of such losses due to the unpredictability of future profit streams of respective group entities. Included in unrecognised tax losses, there were losses of RMB1,704,000, RMB6,988,000 and RMB7,300,000 as at 31 December 2023, 2024 and 2025 respectively that would expire in various dates in the next five years from the respective year end date.

As at 31 December 2023, 2024 and 2025, the Group has deductible temporary differences of nil, RMB1,000,000 and nil respectively related to impairment loss on other receivable. No deferred tax assets has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB35,827,000, RMB45,045,000 and RMB96,897,000 as at 31 December 2023, 2024 and 2025 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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20. TRADE AND OTHER RECEIVABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and other receivables recognised as current assets:			
Trade receivables from contracts with customers			
— Third parties	5,181	19,707	38,522
— Related companies (<i>note</i>)	510	1,192	49
	<u>5,691</u>	<u>20,899</u>	<u>38,571</u>
Value-added tax recoverable	1,217	123	667
Other receivables and deposits	49	197	787
Deferred [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]
Prepayments of [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]
Prepayments of [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepayments related to online marketing solutions business	—	7,526	53,588
Other prepayments	29	33	776
	<u>7,839</u>	<u>29,938</u>	<u>98,680</u>
Other receivable recognised as non-current assets:			
Rental deposit	—	236	161

Note: The related companies are Guangzhou Dawei Culture Holdings Co., Ltd* 廣州大為文化股份有限公司 (“GZ Dawei”) and APPXYZ Mobile Company Limited (“APPXYZ”). Mr. XM Kong is a shareholder of GZ Dawei and Mr. XM Kong is a shareholder of APPXYZ.

* *English translated name is for the identification purpose only*

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB2,554,000.

The following is an ageing analysis of trade receivables (net of allowance of credit losses, if any) presented based on revenue recognition date at the end of each reporting period:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0–90 days	5,691	16,446	25,194
91–180 days	—	4,453	13,364
Over 180 days	—	—	13
	<u>5,691</u>	<u>20,899</u>	<u>38,571</u>

The Group’s policy is to allow a credit period ranging from 0 to 10 days upon issue of billing or invoice to its trade customers. A longer credit period may be granted to large or long established customers with good payment history.

Before accepting any new customers, the management of the Group will assess the credit quality of the potential customers by reference to their past experience and they will define the credit limit by customer. Such credit limit is reviewed by the management of the Group periodically.

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As at 31 December 2023, 2024 and 2025, included in the Group’s trade receivables are past due debtors with an aggregate carrying amount of RMB3,042,000, RMB16,810,000 and RMB18,849,000 respectively. Out of the past due balances, RMB4,453,000 and RMB10,931,000 as at 31 December 2024 and 2025 respectively were past due 90 days or more and is not considered as in default because the directors of the Company are of the opinion that there is no significant change in credit quality after understanding the customers’ background, their good repayment records and continuous business relationship with those customers and were adjusted for forward-looking information, including but not limit to reviving economic condition and consumption level in the PRC and expected growth in new media and e-commerce in the PRC without undue cost or effect. The Group does not hold any collateral over these balances.

Included in the trade and other receivables, amounts of nil, RMB6,781,000 and RMB396,000 as at 31 December 2023, 2024 and 2025 respectively are denominated in United States Dollar (“US\$”) which are foreign currency of respective companies of the Group.

Details of impairment assessment of trade and other receivables are set out in Note 30.

The Company

	At 31 December	
	2024	2025
	RMB’000	RMB’000
Other receivables	3	4
Deferred [REDACTED] costs	[REDACTED]	[REDACTED]
Prepayments of [REDACTED] costs	[REDACTED]	[REDACTED]
Prepayments of [REDACTED]	[REDACTED]	[REDACTED]
	<u>1,163</u>	<u>4,295</u>

21. AMOUNT(S) DUE FROM (TO) A RELATED COMPANY/SUBSIDIARIES

The Group

Amount due from a related company

	At		Maximum amount outstanding				
	1 January	At 31 December		during the year ended 31 December			
	2023	2023	2024	2025	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Guangdong Dawei Technology Co., Ltd* (“GD Dawei”) 廣東大為科技有限公司	<u>2,248</u>	<u>—</u>	<u>N/A</u>	<u>N/A</u>	<u>12,518</u>	<u>N/A</u>	<u>N/A</u>

Pursuant to the loan agreement and the supplementary agreement entered into by the Group and GD Dawei on 1 November 2020 and 1 January 2023 respectively, the Group advanced RMB3,209,000 and RMB37,343,000 to GD Dawei during the years ended 31 December 2022 and 2023 respectively. The outstanding balances were completely settled during the year ended 31 December 2023. The aforesaid loan agreements were terminated on 31 December 2023.

The amount due from GD Dawei in relation to these loan balances as at 1 January 2023 was non-trade in nature, unsecured, interest-free and repayable on demand.

GD Dawei ceased to be the related company of the Group since March 2024.

Pursuant to the loan agreements entered into by the Group and GD Dawei in April 2025, GD Dawei advanced RMB10,440,000, which was non-trade in nature, unsecured and interest-free, to the Group. The outstanding balance was completely settled before 30 June 2025.

The Company

The amounts due to subsidiaries as at 31 December 2024 and 31 December 2025 were non-trade in nature, unsecured, interest-free and repayable on demand.

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Structured deposits (<i>note (i)</i>)	22,720	4,000	—
Equity securities listed in the Chinese Mainland (<i>note (ii)</i>)	1,441	—	—
	<u>24,161</u>	<u>4,000</u>	<u>—</u>

Notes:

- (i) The structured deposits were wealth management products issued by banks in the Chinese Mainland. The structured deposits were unsecured and with expected rates of return, which was not guaranteed, depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets. The structured deposits were stated at fair values which were determined by reference to their quoted bid price provided by the banks. The structured deposits would be matured within 12 months from the date of purchase. Accordingly, they were classified as current assets in the consolidated statements of financial position.
- (ii) The listed investments were stated at their fair values, which were determined by reference to their quoted bid prices available on the stock markets.

23. CASH AND CASH EQUIVALENTS

The Group

Cash and cash equivalents held by the Group include demand deposits and short-term bank deposits with an original maturity of three months or less and carry interest at market rates which range from 0.01% to 0.20%, 0.01% to 0.10% and 0.01% to 0.10% per annum, respectively, as at 31 December 2023, 2024 and 2025.

Included in the cash and cash equivalents, amounts of nil, RMB1,582,000 and RMB15,335,000 as at 31 December 2023, 2024 and 2025 respectively are denominated in foreign currencies of respective companies of the Group.

Details of impairment assessment of cash and cash equivalents are set out in Note 30.

The Company

Cash and cash equivalents held by the Company include short-term bank deposits with an original maturity of three months or less and carry interest at market rates ranging from 0.01% to 0.10% and 0.01% to 0.10% per annum as at 31 December 2024 and 2025, respectively.

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24. TRADE AND OTHER PAYABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	—	130	8,898
Other payables	15	441	595
Accrued staff costs	2,573	3,749	3,546
Accrued [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	2,840	1,557	2,849
	<u>5,428</u>	<u>6,831</u>	<u>20,275</u>

The following is an ageing analysis of trade payables presented based on the goods or services receipt date at the end of each reporting period:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0–90 days	—	130	8,856
91–180 days	—	—	21
Over 180 days	—	—	21
	<u>—</u>	<u>130</u>	<u>8,898</u>

The credit period granted by suppliers on purchase of services ranging from 0 to 180 days.

The Company

	At 31 December	
	2024	2025
	RMB'000	RMB'000
Other payables	9	168
Accrued [REDACTED] costs	[REDACTED]	[REDACTED]
Accrued [REDACTED]	[REDACTED]	[REDACTED]
	<u>963</u>	<u>4,555</u>

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25. CONTRACT LIABILITIES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	3,620	1,032	53,394

Contract liabilities represent advances received from the customers prior to provision of services. The Group has no particular policy on the amounts to be received prior to the provision of services and it is negotiated with customers on contract by contract basis. The contract liabilities recognised at the end of each reporting period are normally recognised as revenue in the following financial reporting period.

The significant increase in contract liabilities during the year ended 31 December 2023 and decrease in contract liabilities during the year ended 31 December 2024 were mainly due to the increase and decrease in advances from customers for software development services near the year end of 2023 and 2024 respectively.

The significant increase in contract liabilities during the year ended 31 December 2025 was mainly due to the increase in advances from customers from online marketing solutions services as a result of the growth of online marketing solutions business.

As at 1 January 2023, the Group did not have contract liabilities.

The contract liabilities of the Group are denominated in RMB.

26. LEASE LIABILITY

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liability:			
Within one year	—	1,326	826
More than one year but less than two years	—	1,441	933
More than two years but less than five years	—	—	716
	—	2,767	2,475
Minimum lease payment due:			
Within one year	—	1,396	890
More than one year but less than two years	—	1,466	971
More than two years but less than five years	—	—	728
	—	2,862	2,589
Less: future finance charge	—	(95)	(114)
Present value of lease liability	—	2,767	2,475
	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current	—	1,326	826
Non-current	—	1,441	1,649
	—	2,767	2,475

The incremental borrowing rates applied to lease liability were 3.6% and 3.25% during the years ended 31 December 2024 and 2025, respectively.

The lease liability of the Group is denominated in RMB.

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27. SHARE CAPITAL

The share capital as at 1 January 2023 and 31 December 2023 represented the issued and paid-up share capital of GZ Suishoubo, the then holding company of the entities comprising the Group.

The share capital as at 31 December 2024 and 2025 represented the share capital of the Company.

Details of the Company’s shares are disclosed as follows:

	Number of shares	Share capital HK\$’000	Share capital RMB’000
Ordinary shares of HK\$0.01 each			
Authorised			
At 20 March 2024 (date of incorporation) and 31 December 2024 and 2025	38,000,000	380	352
Issued and fully paid			
At 20 March 2024 (date of incorporation)	1	—*	—*
Issue of shares	9,999	—*	—*
At 31 December 2024	10,000	—*	—*
Issue of shares (<i>note</i>)	1,236	—*	—*
At 31 December 2025	11,236	—*	—*

* Less than RMB1,000

Note: On 24 March 2025, the Company allotted and issued 1,236 new shares to Ms. Luo, credited as fully paid, to satisfy the consideration for the acquisition of 100% equity interest in Creativity Corporation by the Company from Ms. Luo. Upon completion of the allotment and issue of shares to Ms. Luo, the Company was owned as to approximately 84.77%, 4.23% and 11.00% by Ample Chain, Glitten Day and Ms. Luo, respectively.

28. RESERVE OF THE COMPANY

	Share premium RMB’000	Accumulated loss RMB’000	Total RMB’000
At 20 March 2024 (date of incorporation)	—	—	—
Loss and total comprehensive expense for the period	—	(3,747)	(3,747)
At 31 December 2024	—	(3,747)	(3,747)
Loss and total comprehensive expense for the year	—	(10,386)	(10,386)
Issue of shares to a [REDACTED] investor upon the group reorganisation (<i>Note 27</i>)	2,324	—	2,324
At 31 December 2025	2,324	(14,133)	(11,809)

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29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of cash and cash equivalents and equity of the Group, comprising share capital, share premium, retained profits, other reserves and non-controlling interests. The management of the Group reviews the capital structure periodically and considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the redemption of existing debts.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
At FVTPL	24,161	4,000	—
At amortised cost	<u>26,679</u>	<u>31,216</u>	<u>98,449</u>
Financial liabilities			
At amortised cost	<u>15</u>	<u>571</u>	<u>9,493</u>

The Company

Financial assets		
At amortised cost	<u>4</u>	<u>89</u>
Financial liabilities		
At amortised cost	<u>3,957</u>	<u>14,126</u>

Financial risk management objectives and policies

The Group’s major financial instruments include financial assets at FVTPL, certain trade and other receivables, amounts due from an associate, cash and cash equivalents and certain trade and other payables. The Company’s major financial instruments include other receivables, cash and cash equivalents, other payables and amounts due to subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

Currency risk

Most of the revenue-generating operations of the Group were transacted in RMB and some were transacted in US\$. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group’s results. The Group did not hedge its currency exposure and the Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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The carrying amounts of the Group’s foreign currency denominated monetary assets, excluding intercompany balances, at the reporting date are as follows:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Assets — US\$	—	8,363	15,636
Assets — Hong Kong Dollar (“HK\$”)	—	—	35
Assets — RMB	—	—	60

Sensitivity analysis

For entities with HK\$ as functional currency holding monetary assets denominated in US\$ or vice versa, the directors of the Company consider that, as HK\$ is pegged to US\$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK\$ against US\$ and vice versa. Accordingly, no sensitivity analysis with respect to these currencies is presented.

The Group is also exposed to currency risk in respect of amounts due to group entities of RMB11,330,000 and RMB11,221,000 as at 31 December 2024 and 2025, respectively, which are denominated in currencies other than the functional currency of the relevant group entities. When the functional currency of relevant group entities strengthens 5% against the relevant foreign currency, profit for the year of the Group will increase by RMB473,000 and RMB424,000 and vice versa for the year ended 31 December 2024 and 2025 respectively. These inter-company balances do not form part of the Group’s net investment in foreign operation.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant year.

The carrying amounts of the Group’s foreign currency denominated monetary assets including trade and other receivables and cash and cash equivalents at the end of each reporting period are disclosed in Notes 20 and 23 respectively.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances which is mainly concentrated on the fluctuation of benchmark deposit interest rates in the Chinese Mainland and Hong Kong. The management of the Group closely monitors interest rate movement and manages the potential risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

No sensitivity analysis is presented as the management of the Group determines that the impact from changes in interest rates is insignificant considering the historical movement in deposit interest rates in the Chinese Mainland and Hong Kong for the Track Record Period.

Other price risk

The Group is exposed to instrument price risk arising from changes in the fair value of its financial assets at FVTPL. The management of the Group manages this exposure by maintaining a portfolio of investments with different risks and return profiles and from different issuers.

Sensitivity analysis

No sensitivity analysis on other price risk is presented for the financial assets at FVTPL as the management of the Group considered that a reasonable possible change to the fair value of these financial instruments will not have a significant effect to the Group’s profit or loss.

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Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, amount due from an associate and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers (including trade-related amounts due from related companies)

The Group had concentration of credit risk on certain customers within SaaS solutions business as at 31 December 2023. The two largest trade receivable balances accounted for 59% of the trade receivables as at 31 December 2023. The largest trade receivable balance represented 33% of the Group’s total trade receivables as at 31 December 2023. The Group did not have any concentration of credit risk on customers as at 31 December 2024 and 2025 due to the fact that the customer base is large and unrelated. In order to minimise the credit risk of those receivables, the management of the Group closely monitors the recoverability of the amount due. In this regard, the management of the Group considers that the Group’s credit risk is significantly reduced.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group considers that the Group’s credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables in respect of contracts with customers individually. Details of the quantitative disclosures are set out below in this note.

The Group’s trade receivables in respect of contracts with customers as at 31 December 2023 and 2024 primarily arose from software development services and technical support services. The Group’s trade receivables in respect of contracts with customers as at 31 December 2025 primarily arose from software development services and online marketing solution services. The Group applies simplified approach on these trade receivables to assess for lifetime ECL prescribed by HKFRS 9. To measure ECL of these trade receivables at amortised cost, the Group applied internal credit rating for each of its trade debtors and the Group assessed the relevant trade debtors with reference to their past default record and their current past due exposure and, where applicable, an analysis of their current financial information and/or publicly available information. In calculating the ECL, the loss rates were estimated based on internal credit ratings of the trade debtors, comparable probability of default and recovery rates quoted from an international credit-rating agency and were adjusted for forward-looking information, including but not limited to reviving economic condition and consumption level in the PRC and expected growth in new media and e-commerce in the PRC without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current and the forecast direction of conditions at the end of each reporting period.

The ECL loss rate is determined on debtor-by-debtor basis. The Group does not have the trade receivables in respect of contracts with customers which were credit-impaired during the Track Record Period.

Other receivables, deposits and amount due from an associate

For other receivables, deposits and amount due from an associate, the management of the Group makes periodic individual assessment on the recoverability of these amounts based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management of the Group believed that, except for a debtor to which a cash advance was made by the Group as at 31 December 2024, there was no significant increase in credit risk of these amounts since initial recognition and, the management of the Group assessed the loss allowance based on 12m ECL, and believed that there was no material credit risk inherent in the Group’s outstanding balance of these balances and the impairment allowance was considered to be insignificant. During the year ended 31 December 2024, the Group advanced RMB1,000,000 to a customer to assist for facilitating marketing activities in an online platform to which the Group’s software would be operated by the customer to generate income. The customer didn’t return the amount on the specified due date. The Group initiated a legal action after carrying out following up actions and certain of the assets of the customer were frozen for further legal proceeding. In the opinion of the directors of the Company, the full recovery of the amount is highly uncertain and a full impairment for this amount was recognised in profit or loss.

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Cash and Cash equivalents

Credit risk on liquid funds is limited because the counterparties are reputable banks with high credit-ratings assigned by credit-rating agencies and the Group has limited exposure to any single financial institution. The Group assessed 12m ECL on bank balances by reference to the information relating to probably of default and loss given default of respective credit rating grades published by international credit-rating agencies. The management of the Group considers these balances are short-term in nature and, based on the average loss rates, the 12m ECL on these balances is considered to be insignificant.

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

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

The tables below details the credit risk exposures of the Group’s financial assets:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount At 31 December		
					2023 RMB’000	2024 RMB’000	2025 RMB’000
Trade receivables — contracts with customers (including trade-related amounts due from related companies)	20	N/A	Low risk	Lifetime ECL (not credit-impaired)	5,691	15,406	25,194
			Watch list	Lifetime ECL (not credit-impaired)	—	5,493	13,377
Other receivables and deposits	20	N/A	Low risk	12m ECL (not credit-impaired)	49	433	948
			Loss	Lifetime (credit-impaired)	—	1,000	1,000
Amount due from an associate	17	N/A	Low risk	12m ECL (not credit-impaired)	1,926	—	—
Cash and cash equivalents	23	Aa2 to Baa3	Low risk	12m ECL (not credit-impaired)	<u>19,013</u>	<u>9,884</u>	<u>58,930</u>

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The following table provides information about the exposure to credit risk for trade receivables which are assessed on individual basis.

	2023		At 31 December 2024		2025	
	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000
Gross carrying amounts						
Low risk	0.5%	<u>5,691</u>	0.5%	<u>15,406</u>	0.5%	<u>25,194</u>
Watch list	1.1%	<u>—</u>	1.1%	<u>5,493</u>	1.5%	<u>13,377</u>

In the opinion of the management of the Group, the ECL allowance on trade receivables is considered insignificant to the Group as at 31 December 2023, 2024 and 2025.

Liquidity risk

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

The Group

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

	Weighted average effective interest rate %	On demand or less than three months RMB'000	Three months to one year RMB'000	One year to two years RMB'000	Two years to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023							
Trade and other payables	—	<u>15</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15</u>	<u>15</u>
At 31 December 2024							
Trade and other payables	—	<u>571</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>571</u>	<u>571</u>
Lease liability	3.6	<u>349</u>	<u>1,047</u>	<u>1,466</u>	<u>—</u>	<u>2,862</u>	<u>2,767</u>
At 31 December 2025							
Trade and other payables	—	<u>9,493</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,493</u>	<u>9,493</u>
Lease liability	3.25	<u>243</u>	<u>647</u>	<u>971</u>	<u>728</u>	<u>2,589</u>	<u>2,475</u>

The Company

The other payable of RMB9,000 and RMB168,000 and amounts due to subsidiaries of RMB3,948,000 and RMB13,958,000 as at 31 December 2024 and 2025 respectively are either required to repay on demand or less than three months.

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Fair value measurements of financial instruments

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

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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

	At 31 December			Fair value hierarchy
	2023 RMB’000	2024 RMB’000	2025 RMB’000	
Structured deposits (<i>note (i)</i>)	22,720	4,000	—	Level 2
Equity securities listed in PRC (<i>note (ii)</i>)	1,441	—	—	Level 1
	<u>24,161</u>	<u>4,000</u>	<u>—</u>	

Notes:

- Structured deposits were stated at fair values, which were determined by reference to their quoted bid price provided by the banks.
- The listed investments were stated at fair values, which were determined by reference to their quoted bid prices available on the stock markets.

There were no transfers between Level 1, 2 and 3 during the Track Record Period.

(ii) Fair values of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair values of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost approximate their fair values.

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31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Accrued [REDACTED] costs (Note 24) RMB’000	Bank borrowings RMB’000	Amounts due to shareholders RMB’000	Lease liability RMB’000	Dividend payable RMB’000	Total RMB’000
At 1 January 2023	[REDACTED]	—	213	—	—	213
Financing cash flows	[REDACTED]	(176)	(213)	—	—	(389)
Finance costs recognised	[REDACTED]	176	—	—	—	176
At 31 December 2023	[REDACTED]	—	—	—	—	—
Financing cash flows	[REDACTED]	(32)	—	(1,164)	(36,640)	(38,405)
Finance costs recognised	[REDACTED]	32	—	111	—	143
Dividend declared	[REDACTED]	—	—	—	36,640	36,640
Non-cash transaction						
— inception of lease (note (i))	[REDACTED]	—	—	3,820	—	3,820
[REDACTED] costs accrued	[REDACTED]	—	—	—	—	707
At 31 December 2024	[REDACTED]	—	—	2,767	—	2,905
Financing cash flows	[REDACTED]	(129)	—	(1,048)	—	(2,836)
Finance costs recognised	[REDACTED]	129	—	76	—	205
Non-cash transactions						
— inception of lease (note (ii))	[REDACTED]	—	—	2,456	—	2,456
— termination of lease (note (iii))	[REDACTED]	—	—	(1,776)	—	(1,776)
[REDACTED] costs accrued	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At 31 December 2025	[REDACTED]	—	—	2,475	—	3,552

Notes:

- (i) During the year ended 31 December 2024, the Group entered into a new lease agreement for an office premise for three years. On the lease commencement, the Group recognised right-of-use asset and lease liability of RMB3,846,000 and RMB3,820,000 respectively.
- (ii) During the year ended 31 December 2025, the Group entered into a new lease agreement for an office premise for three years. On the lease commencement, the Group recognised right-of-use asset and lease liability of RMB2,473,000 and RMB2,456,000 respectively.
- (iii) During the year ended 31 December 2025, the Group terminated a lease agreement for an office premise and, accordingly, the Group derecognised right-of-use asset and lease liability of RMB1,602,000 and RMB1,776,000 respectively.

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32. RETIREMENT BENEFITS SCHEMES

The employees of the Group’s subsidiaries in the Chinese Mainland are members of a state-managed retirement benefit scheme operated by the local governments of the PRC. The subsidiaries are required to contribute a particular percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB1,082,000, RMB1,744,000 and RMB1,970,000 for the years ended 31 December 2023, 2024 and 2025 respectively represent contributions paid/payable to these plans by the Group at rates specified in the rules of the plans.

33. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Provision of software development services and technical support services (note)			
GZ Dawei	5,787	3,557	1,181
APPXYZ	<u>1,008</u>	<u>1,021</u>	<u>999</u>
Provision of online marketing solution services (note)			
GZ Dawei	<u>—</u>	<u>464</u>	<u>2,051</u>

Note: The prices of these transactions were determined between the parties with reference to the agreements signed.

The remuneration of key management of the Group was as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Short-term benefits	991	1,507	1,702
Equity-settled share-based payment	4,654	—	—
Post-employment benefits	<u>201</u>	<u>321</u>	<u>269</u>
	<u>5,846</u>	<u>1,828</u>	<u>1,971</u>

During the year ended 31 December 2024, Mr. Wu advanced RMB18,799,000 to GD Suishoubo as its source of finance to acquire GZ Suishoubo during the Reorganisation and GZ Suishoubo repaid the amount in cash on behalf of GD Suishoubo before the end of the year.

34. INVESTMENT IN A SUBSIDIARY

The Company

	At 31 December	
	2024	2025
	RMB'000	RMB'000
Investment in a subsidiary	<u>—*</u>	<u>2,324</u>

* Less than RMB1,000

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35. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interest in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation or registration/ establishment	Legal form	Paid-up issued share capital/registered capital	Proportion of nominal value capital held by the Company			At date of this report	Principal activities	Notes
				At 31 December 2023	2024	2025			
Directly held									
Easylyve (HK) Limited 隨手播(香港)有限公司	Hong Kong 23 April 2024	Limited liability company	Paid-up in full HK\$1	N/A	100%	[100%]	100%	Provision of software development services and technical support services	(a)
Creativity Corporation 創造力有限公司	Hong Kong 20 April 2024	Limited liability company	Paid-up in full HK\$1	N/A	N/A	[100%]	[100%]	Investment holding	(a)
Indirectly held									
GZ Suishoubo 廣州隨手播網絡科技有限公司	PRC 27 November 2017	Limited liability company	Registered and paid-up in full RMB11,235,955	100%	100%	[100%]	[100%]	Provision of software licensing and related technical support services, software development and technical support services	(b)
Shenzhen Bullet Screen Digital Technology Co., Ltd.* 深圳彈幕數字科技有限公司	PRC 14 July 2023	Limited liability company	Registered and paid-up partially RMB2,500,000 RMB1,000,000 not yet paid	60%	60%	[60%]	[60%]	Provision of software development services	(c)
GD Suishoubo 廣東隨手播數字科技有限公司	PRC 28 May 2024	Limited liability company	Registered and paid-up in full RMB10,000,000	N/A	100%	[100%]	[100%]	Investment holding	(c)
Huoguosu Suishoubo Network Technology Co., Ltd.* 霍爾果斯隨手播網絡科技有限公司	PRC 29 March 2024	Limited liability company	Registered and paid-up in full RMB1,000,000	N/A	100%	[100%]	[100%]	Online marketing solution services	(c)
Guangzhou Mengya Network Technology Co., Ltd.* 廣州夢牙網絡科技有限公司	PRC 14 March 2025	Limited liability company	Registered RMB1,000,000 not yet paid	N/A	N/A	[100%]	[100%]	Online marketing solution services	(c)

* English translated name is for identification purpose only

All subsidiaries have a financial year end of 31 December.

No equity or debt securities of any subsidiaries within the Group is presently listed on any stock exchange.

Notes:

- (a) The statutory financial statements for the period from the date of incorporation to 31 December 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the Hong Kong enterprises and were audited by Mr. Lai Siu Hung, who is a certified public accountant registered in Hong Kong.
- (b) The statutory financial statements for each of the years ended 31 December 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 廣東羊城會計師事務所(普通合夥) and 廣東萬嘉會計師事務所(普通合夥), which are certified public accountants registered in the PRC, respectively.
- (c) No audited financial statements have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirement.

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36. EQUITY-SETTLED SHARE-BASED PAYMENT

Mr. XM Kong and Mr. Wu entered into an equity transfer agreement in respect of GZ Suishoubo on 22 March 2023. Pursuant to the agreement, Mr. XM Kong agreed to sell and Mr. Wu agreed to purchase, through Zhangwo Information, 4.75% of the equity interest in GZ Suishoubo held by GD Dawei on trust for Mr. XM Kong at nil consideration. The objective of this arrangement is to recognise the contributions by Mr. Wu who had made significant contribution to the Group in order to optimise his performance and efficiency for the benefit of the Group, and in particular, to fulfil the strategic targets and to achieve the long-term growth and development of the Group.

Immediate before the grant date, 100% equity interest in GZ Suishoubo was held by Mr. XM Kong, where 50% was held by him directly and 50% was held by GD Dawei on trust for him. Zhangwo Information was owned as to 95% and 5% by Zhuhai Maike and Mr. XM Kong respectively and Zhuhai Maike was owned as to 95% and 5% by Mr. XM Kong and Mr. Wu respectively. On 22 March 2023, Zhangwo Information acquired from Mr. XM Kong and GD Dawei a total of 100% equity interest in GZ Suishoubo and, thus, Mr. Wu obtained an effective equity interest of 4.75% in GZ Suishoubo.

The fair value of the awarded shares determined at the grant date using the market approach was RMB4,654,000. The fair value has been arrived at based on a valuation carried out by GW Financial Advisory Services Limited, with registered address of Room 604, Floor 6, Shanghai Industrial Investment Building, 48–62 Hennessy Road, Wan Chai, Hong Kong, a professional valuer not connected with the Group. The key assumptions of the valuation are the enterprise value over sales of comparable [REDACTED] companies of 4.1 and the discount factor for lack of marketability of 45%.

The Group recognised an expense of RMB4,654,000 in relation to awarded shares granted by the Group during the year ended 31 December 2023.

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed in the report, subsequent to 31 December 2025, the following significant events took place:

- (i) On [●], the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$[10,000,000] divided into [1,000,000,000] shares of HK\$0.01 each by the creation of an additional of [962,000,000] shares of HK\$0.01 each, all of which shall rank pari passu in all respects with the then existing shares of the Company.
- (ii) Conditional upon crediting the Company’s share premium account as a result of the issue of shares pursuant to the [REDACTED], the directors of the Company are authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of the Company by applying such sums towards to pay up in full at par a total of [REDACTED] shares for allotment and issue, immediately prior to the [REDACTED], to the shareholders whose name appear on the register of members of the Company as of [●], namely, Ample Chain, Glitten Day and Ms. Luo, on a pro rata basis. Upon completion of this [REDACTED] prior to the [REDACTED], the number of shares of the Company will be [REDACTED].

38. SUBSEQUENT FINANCIAL STATEMENTS

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