

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-43, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING DATA INTELINK TECHNOLOGY CO., LTD. AND CHINA RENAISSANCE SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Beijing Data Intelink Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-43, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 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, for each of the years ended 31 December 2023, 2024 and 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-43 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

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Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2023, 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 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 26(f) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants
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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, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi Yuan (“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

(Expressed in Renminbi (“RMB”))

	Note	Years ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	4	1,593,359	1,378,665	1,607,699
Cost of revenue		(1,251,871)	(1,109,505)	(1,236,143)
Gross profit		341,488	269,160	371,556
Other income or loss, net	5	11,575	3,632	(2,335)
Selling and marketing expenses		(187,233)	(173,064)	(257,907)
General and administration expenses	6(c)	(47,916)	(70,457)	(42,879)
Research and development expenses		(16,498)	(13,158)	(11,981)
Impairment losses reversal/(recognised) on financial assets		1,037	(846)	(477)
Profit from operations		102,453	15,267	55,977
Finance costs	6(a)	(838)	(1,162)	(1,348)
Changes in fair value of financial instruments measured at fair value through profit or loss ("FVPL")		(473)	311	98
Profit before taxation	6	101,142	14,416	54,727
Income tax	7	(20,657)	(5,248)	(11,328)
Profit for the year		80,485	9,168	43,399

The accompanying notes form part of this Historical Financial Information.

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	<i>Note</i>	Years ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year		80,485	9,168	43,399
Other comprehensive income for the year (after tax)				
Items that may be reclassified to profit or loss:				
– Exchange differences on translation of financial statements of subsidiaries other than Chinese Mainland		1,011	1,525	(2,442)
Total comprehensive income for the year		<u>81,496</u>	<u>10,693</u>	<u>40,957</u>
Profit attributable to:				
Equity shareholders of the Company		80,486	9,154	42,076
Non-controlling interests		(1)	14	1,323
		<u>80,485</u>	<u>9,168</u>	<u>43,399</u>
Total comprehensive income attributable to:				
Equity shareholders of the Company		81,497	10,679	39,634
Non-controlling interests		(1)	14	1,323
		<u>81,496</u>	<u>10,693</u>	<u>40,957</u>
Earnings per share				
Basic and diluted (RMB)	10	<u>0.60</u>	<u>0.07</u>	<u>0.34</u>

The accompanying notes form part of this Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	11	28,313	29,471	23,877
Intangible assets	12	206	22	71
Goodwill	13	38,193	38,193	38,193
Financial assets measured at FVPL	15	26,376	26,115	25,643
Deferred tax assets	25(b)	6,208	10,688	10,084
		<u>99,296</u>	<u>104,489</u>	<u>97,868</u>
Current assets				
Inventories and contract costs	16	204,962	280,372	351,030
Trade receivables	17	150,593	120,489	118,899
Prepayments and other receivables	18	275,442	206,981	270,391
Cash at bank and on hand	19	253,928	213,482	96,461
		<u>884,925</u>	<u>821,324</u>	<u>836,781</u>
Current liabilities				
Trade payables	20	63,068	100,107	42,721
Other payables and accruals	21	29,079	23,989	28,937
Contract liabilities	22	10,273	6,901	3,396
Bank loans	23	–	28,812	59,405
Lease liabilities	24	7,469	5,267	4,993
Current taxation	25(a)	16,317	6,842	6,416
		<u>126,206</u>	<u>171,918</u>	<u>145,868</u>
Net current assets		<u>758,719</u>	<u>649,406</u>	<u>690,913</u>
Total assets less current liabilities		<u>858,015</u>	<u>753,895</u>	<u>788,781</u>
Non-current liabilities				
Lease liabilities	24	2,890	5,364	770
Deferred tax liabilities	25(b)	3,090	2,463	986
		<u>5,980</u>	<u>7,827</u>	<u>1,756</u>
NET ASSETS		<u>852,035</u>	<u>746,068</u>	<u>787,025</u>
CAPITAL AND RESERVES				
Share capital	26	135,260	124,663	124,663
Reserves		716,767	621,383	661,017
Total equity attributable to equity shareholders of the Company		852,027	746,046	785,680
Non-controlling interests		8	22	1,345
TOTAL EQUITY		<u>852,035</u>	<u>746,068</u>	<u>787,025</u>

The accompanying notes form part of this Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment		4,888	3,101	1,910
Intangible assets		191	22	10
Investments in subsidiaries	14	224,796	243,196	243,196
Financial assets measured at FVPL	15	8,778	8,517	8,045
Deferred tax assets		2,050	7,561	7,988
		<u>240,703</u>	<u>262,397</u>	<u>261,149</u>
Current assets				
Inventories and contract costs		6,523	3,744	2,449
Trade receivables	17	58,745	43,972	58,213
Prepayments and other receivables	18	110,966	54,305	166,348
Cash at bank and on hand	19	181,847	126,403	1,418
		<u>358,081</u>	<u>228,424</u>	<u>228,428</u>
Current liabilities				
Trade payables	20	12,708	11,302	8,648
Other payables and accruals	21	93,552	132,713	105,134
Contract liabilities	22	5,689	3,156	217
Bank loans	23	–	–	30,700
Lease liabilities	24	3,350	1,120	1,175
		<u>115,299</u>	<u>148,291</u>	<u>145,874</u>
Net current assets		<u>242,782</u>	<u>80,133</u>	<u>82,554</u>
Total assets less current liabilities		<u>483,485</u>	<u>342,530</u>	<u>343,703</u>
Non-current liabilities				
Lease liabilities	24	1,496	1,395	220
		<u>1,496</u>	<u>1,395</u>	<u>220</u>
NET ASSETS		<u>481,989</u>	<u>341,135</u>	<u>343,483</u>
CAPITAL AND RESERVES				
Share capital	26	135,260	124,663	124,663
Reserves		346,729	216,472	218,820
TOTAL EQUITY		<u>481,989</u>	<u>341,135</u>	<u>343,483</u>

The accompanying notes form part of this Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total		
	RMB'000 (Note 26(b))	RMB'000 (Note 26(c))	RMB'000 (Note 26(d))	RMB'000 (Note 26(e))	RMB'000	RMB'000		
Balance at 1 January 2023	135,260	281,966	3,047	4,151	346,106	770,530	(2)	770,528
Changes in equity for the year ended 31 December 2023:								
Profit for the year . . .	-	-	-	-	80,486	80,486	(1)	80,485
Other comprehensive income for the year .	-	-	-	1,011	-	1,011	-	1,011
Total comprehensive income for the year .	-	-	-	1,011	80,486	81,497	(1)	81,496
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	11	11
Appropriation to statutory reserves . .	-	-	639	-	(639)	-	-	-
Balance at 31 December 2023 .	<u>135,260</u>	<u>281,966</u>	<u>3,686</u>	<u>5,162</u>	<u>425,953</u>	<u>852,027</u>	<u>8</u>	<u>852,035</u>

The accompanying notes form part of this Historical Financial Information.

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Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total		
	RMB'000 (Note 26(b))	RMB'000 (Note 26(c))	RMB'000 (Note 26(d))	RMB'000 (Note 26(e))	RMB'000	RMB'000		
Balance at 1 January 2024	135,260	281,966	3,686	5,162	425,953	852,027	8	852,035
Changes in equity for the year ended 31 December 2024:								
Profit for the year	-	-	-	-	9,154	9,154	14	9,168
Other comprehensive income for the year	-	-	-	1,525	-	1,525	-	1,525
Total comprehensive income for the year	-	-	-	1,525	9,154	10,679	14	10,693
Repurchase of ordinary shares	26(b) (10,597)	(106,063)	-	-	-	(116,660)	-	(116,660)
Balance at 31 December 2024	<u>124,663</u>	<u>175,903</u>	<u>3,686</u>	<u>6,687</u>	<u>435,107</u>	<u>746,046</u>	<u>22</u>	<u>746,068</u>

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total		
	RMB'000 (Note 26(b))	RMB'000 (Note 26(c))	RMB'000 (Note 26(d))	RMB'000 (Note 26(e))	RMB'000	RMB'000		
Balance at 1 January 2025	124,663	175,903	3,686	6,687	435,107	746,046	22	746,068
Changes in equity for the year ended 31 December 2025:								
Profit for the year	-	-	-	-	42,076	42,076	1,323	43,399
Other comprehensive income for the year	-	-	-	(2,442)	-	(2,442)	-	(2,442)
Total comprehensive income for the year	-	-	-	(2,442)	42,076	39,634	1,323	40,957
Appropriation to statutory reserves	-	-	235	-	(235)	-	-	-
Balance at 31 December 2025	<u>124,663</u>	<u>175,903</u>	<u>3,921</u>	<u>4,245</u>	<u>476,948</u>	<u>785,680</u>	<u>1,345</u>	<u>787,025</u>

The accompanying notes form part of this Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	<i>Note</i>	Years ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities				
Profit before taxation		101,142	14,416	54,727
Adjustments for:				
Depreciation on property and equipment . . .	<i>6(c)</i>	10,215	8,603	6,148
Amortisation of intangible assets	<i>6(c)</i>	323	184	31
Net loss/(gain) on disposal of property and equipment and intangible assets	<i>5</i>	13	(529)	2
Changes in fair value of financial assets measured at FVPL		473	(311)	(98)
Finance costs	<i>6(a)</i>	838	1,162	1,348
Foreign exchange loss		609	3,867	4,852
Changes in working capital:				
Decrease/(increase) in inventories and contract costs		28,820	(75,410)	(70,658)
Decrease/(increase) in trade and other receivables and prepayments		9,412	98,313	(61,557)
Increase/(decrease) in trade and other payables		3,765	31,721	(59,619)
Increase/(decrease) in contract liabilities . . .		2,253	(3,372)	(3,505)
Cash generated from/(used in) operations . .		<u>157,863</u>	<u>78,644</u>	<u>(128,329)</u>
Income tax paid		<u>(28,959)</u>	<u>(19,830)</u>	<u>(12,627)</u>
Net cash generated from/(used in) operating activities		<u>128,904</u>	<u>58,814</u>	<u>(140,956)</u>
Investing activities				
Payments for the purchases of property and equipment		(15)	(473)	(32)
Payments for the purchases of intangible assets		(12)	(22)	(80)
Proceeds from disposal of property and equipment and intangible assets		33	3	–
Investment income from financial assets measured at FVPL		–	572	570
Net cash generated from investing activities .		<u>6</u>	<u>80</u>	<u>458</u>

The accompanying notes form part of this Historical Financial Information.

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	Note	Years ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Financing activities				
Proceeds from bank loans	19(c)	–	65,971	128,832
Payments of bank loans	19(c)	–	(38,028)	(95,800)
Capital element of lease rentals paid	19(c)	(9,688)	(8,280)	(5,392)
Interest element of lease rentals paid	19(c)	(660)	(578)	(358)
Capital contribution from non-controlling shareholders		11	–	–
Payment of repurchase of ordinary shares		–	(116,660)	–
Payments for financing of property and equipment	19(c)	(9,341)	–	–
Payments of interests of financing of property and equipment	19(c)	(500)	–	–
Payments of interests on bank loans	19(c)	–	(534)	(766)
Payment of professional service fees in connection with the Company’s previous A share listing attempt		(7,554)	–	–
Payment of [REDACTED] in connection with the proposed [REDACTED] of the Company’s H shares		[REDACTED]	[REDACTED]	[REDACTED]
Net cash (used in)/generated from financing activities		<u>(27,732)</u>	<u>(98,109)</u>	<u>26,234</u>
Net increase/(decrease) in cash and cash equivalents		101,178	(39,215)	(114,264)
Cash and cash equivalents at the beginning of the year	19(a)	151,946	252,270	213,229
Effect of foreign exchange rate changes		<u>(854)</u>	<u>174</u>	<u>(2,504)</u>
Cash and cash equivalents at the end of the year	19(a)	<u>252,270</u>	<u>213,229</u>	<u>96,461</u>

The accompanying notes form part of this Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Beijing Data Intelink Technology Co., Ltd. (the “Company”, formerly known as Beijing Bluefocus E-Commerce Company Limited) was established in the People’s Republic of China (the “PRC”) on 26 March 2008 as a limited liability company. The Company was converted from a limited liability company into a joint stock limited liability company on 24 August 2015.

The Company and its subsidiaries (together, the “Group”) are principally engaged in domestic E-commerce brand operations, general agency and authorized brand operations and overseas E-commerce brand operations.

During the Track Record Period and as at the date of this report, the Company’s principal subsidiaries are as follows:

Name of company	Place and date of establishment/ incorporation	Particulars of issued/registered and paid-up capital	Effective percentage of equity interests			Principal activities	Auditors
			Held by the Group	Held by the Company	Held by a subsidiary		
Beijing Bay Line E-commerce Co., Ltd. (北京北聯偉業電子商務有限公司) (i) (“Beijing Bay Line”)	The PRC 9 November 2011	RMB5,000,000	100%	100%	0%	Domestic e-commerce brand operations, general agency and authorized brand operations and overseas e-commerce brand operations	2023: Beijing Shengtai Yinghe Certified Public Accountants (General Partnership) 北京晟泰盈和會計師事務所(普通合夥), 2024: Grant Thornton Certified Public Accountants (致同會計師事務所(特殊普通合夥))
Hangzhou Bay Line E-commerce Co., Ltd. (杭州北聯電子商務有限公司) (i)	The PRC 12 March 2018	RMB2,000,000	100%	0%	100%	Domestic e-commerce brand operations	2023: Grant Thornton Certified Public Accountants (致同會計師事務所(特殊普通合夥)); 2024: N/A
Beijing Bayline E-Commerce (Hong Kong) Co., Limited (北京北聯偉業電子商務(香港)有限公司) (ii)	Hong Kong 17 April 2015	2025: 25,000,000 shares, 2024: 5,000,000 shares	100%	0%	100%	Domestic e-commerce brand operations	2023-2024: Grant Thornton Hong Kong Limited (致同(香港)會計師事務所有限公司)
Xizang Shannan Bay Line E-commerce Co., Ltd. (西藏山南北聯偉業電子商務有限公司) (i)	The PRC 13 May 2015	RMB2,000,000	100%	0%	100%	Domestic e-commerce brand operations	2023-2024: N/A
Shanghai Blue Intelink Technology Co., Ltd. (上海藍色商道科技有限公司) (i)	The PRC 14 July 2014	RMB100,000,000	100%	100%	0%	Domestic e-commerce brand operations and general agency and authorized brand operations	2023: Beijing Shengtai Yinghe Certified Public Accountants (General Partnership) 北京晟泰盈和會計師事務所(普通合夥), 2024: Grant Thornton Certified Public Accountants (致同會計師事務所(特殊普通合夥))
Data Intelink International Group Co., Limited (數聚智連國際集團有限公司) (ii)	Hong Kong 23 July 2015	2023-2025: 20,000,000 shares	100%	100%	0%	Domestic e-commerce brand operations	2023-2024: Grant Thornton Hong Kong Limited (致同(香港)會計師事務所有限公司)
Tianjin Bay Line E-commerce Co., Ltd. (天津北聯偉業電子商務有限公司) (i)	The PRC 22 March 2019	RMB30,000,000	100%	0%	100%	Domestic e-commerce brand operations and general agency and authorized brand operations	2023-2024: N/A
Beijing Data Flying Technology Co., Ltd. (北京數聚宸飛科技有限公司) (i)	The PRC 27 November 2024	RMB3,000,000/ nil	51%	51%	0%	Overseas e-commerce brand operations	2023-2024: N/A
Hongkong Data Flying Technology Limited (香港數聚宸飛科技有限公司) (ii)(iii)(v)	Hong Kong 25 April 2025	500,000 shares/ nil	51%	0%	100%	Overseas e-commerce brand operations	2023-2024: N/A

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Notes:

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (“PRC GAAP”) and were audited by Grant Thornton Certified Public Accountants (致同會計師事務所(特殊普通合伙)).

- (i) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translations are for identification purpose only.
- (ii) These entities are limited companies established in Hong Kong.
- (iii) No audited financial statements were prepared for this entity for the Track Record Period.
- (iv) No statutory financial statements have been prepared for all of these entities for the year ended 31 December 2025 as of the date of this report.
- (v) Hongkong Data Flying Technology Limited is a wholly owned subsidiary of Beijing Data Flying Technology Co., Ltd..
- (vi) All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has consistently applied all applicable new and revised IFRS Accounting Standards throughout the Track Record Period. The Group has not adopted any new and revised accounting standards and interpretations issued but not yet effective for the Track Record Period which are set out in Note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB’000) unless when otherwise stated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for investments which are measured at their fair values as explained in Note 2(d).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries, non-controlling interests and goodwill

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

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In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless it is classified as held for sale.

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(h)(ii)).

(d) Other investment in securities

The Group’s policies for investments in securities, other than investments in subsidiaries are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of those investments classified as FVPL. Such election is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(r)).

(i) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at fair value through OCI (“FVOCI”) (non-recycling) such that subsequent changes in fair value are recognised in OCI instead of recognised in profit or loss as in the case of those investments classified as FVPL. Such election is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(r)).

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write-off the cost of items of property and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful lives
– Buildings	40 years
– Electronic equipment	3-5 years
– Office equipment	3-5 years
– Vehicle	4 years
– Leasehold improvements	Over the shorter of the lease term and estimated useful lives
– Right-of-use assets	Over the term of lease

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(f) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(h)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Software	3-5 years
– Brand	Authorized service life

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

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(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)). Depreciation is calculated using the straight-line method over the lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) *Credit losses from financial instruments.*

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash at bank and on hand, trade and other receivables, and time deposits); and

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls of trade and other receivables and contract assets are discounted using the effective interest rate determined at initial recognition or an approximation thereof if the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling).

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(i) Inventories and contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of purchased inventory is determined at the transaction price. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories (See Note 2(i)(i)).

Incremental costs of obtaining a contract are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(r)(i)).

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also be recognised (see Note 2(k)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

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(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(h)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the product or service before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the product or service.

The Group is principally engaged in domestic e-commerce brand operations, general agency and authorized brand operations, and overseas e-commerce brand operations. And its revenues are derived principally from sale of goods and provision of services.

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Sale of goods

The Group generates revenue from sales of products purchased from brand partners and/or their authorised distributors, including nutrition and health, consumer electronics, and beauty and personal care goods and products (i) directly to end consumers through authorised brand flagship online stores and other brand online stores operated by the Group on e-commerce platforms under domestic e-commerce operations, general agency and authorized brand operations, and overseas e-commerce operations, (ii) to e-commerce platforms or distribution partners under domestic e-commerce operations and general agency and authorized brand operations. Revenue generated from sales of products is recognised on a gross basis, because (i) the Group rather than the brand partner, is primarily responsible for fulfilling the promise to provide the specified good; (ii) the Group bears the inventory risk; and (iii) the Group has discretion in determining the product price.

For the sale of goods to end consumers on e-commerce platforms, the control of the goods was transferred when end consumers manually confirm receipt of goods within the period stipulated by the e-commerce platform; or when the e-commerce platform automatically acknowledges receipt of the order after the stipulated period. The consumer prepays the full price into the escrow account established by the e-commerce platform, which will be transferred to the Group's authorised flagship store's or other brand store's fund account after the order is confirmed as received.

For the sale of goods to e-commerce platforms or distribution partners, the control of the goods was transferred when the relevant e-commerce platform or distributor partner, as the Group's direct customer, issues documents (e.g. settlement statements) evidencing transfer of control over goods to the end customers; or when the goods are delivered to the designated locations or transferred to the specified carriers. In determining the transaction price, the Group considers the effects of variable consideration (e.g. rebate and discount) and estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled. The Group typically requires advance payment from distribution partners before delivery. The transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the distributor partners.

Under certain circumstances, customers, including e-commerce platforms and distributor partners have a right to return products within a reasonable period of time after the receipt of the goods purchased from the Group. During the Track Record Period, the financial impact arising from the right of customers to return products was not material.

Provision of services

The Group also acts as a service provider to facilitate its brand partners' online sales of their branded products with the performance obligations to provide a range of e-commerce services, such as traffic acquisition and branding services, e-commerce store operation services, and/or brand value enhancement services. Revenue from provision of services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs or recognised at point of time as the customers receive the delivery.

(ii) Revenue from other sources and other income

(a) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Government grants

Government grants that compensate the Group for expenses incurred are recognised in the statement of financial position as deferred income and are recognised as other income in profit or loss on a systematic basis in the same periods in which such expenses are incurred.

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB, the Group's presentation currency, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

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(t) Related parties

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 13 and 27(d) contain information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the estimated selling price in the ordinary course of business less costs necessary to make the sale, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed on regular basis for write-down, if appropriate. Further details of the inventories are set out in Note 16.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the provision of domestic e-commerce brand operations, general agency and authorized brand operations and overseas e-commerce brand operations. Disaggregation of revenue from contracts with customers is as follows:

	Years ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Domestic e-commerce brand operations	1,572,382	1,361,277	1,214,135
– sale of goods	1,199,495	1,072,213	985,317
– provision of services	372,887	289,064	228,818
General agency and authorized brand operations	20,977	17,388	42,697
Overseas e-commerce brand operations	–	–	350,867
Total	<u>1,593,359</u>	<u>1,378,665</u>	<u>1,607,699</u>

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	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
At a point in time	1,451,112	1,250,952	1,493,554
Over time	142,247	127,713	114,145
	<u>1,593,359</u>	<u>1,378,665</u>	<u>1,607,699</u>

During the Track Record Period, the Group has no customers with whom transactions have exceeded 10% of the Group’s revenue in the respective years.

The Group applies the practical expedient in paragraph 121(a) of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of the Group’s contracts are one year or less.

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group’s chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group’s management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the Track Record Period.

Geographic information of customers

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered.

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PRC	1,593,359	1,378,665	1,256,832
United States	–	–	210,524
Europe	–	–	117,834
Others	–	–	22,509
	<u>1,593,359</u>	<u>1,378,665</u>	<u>1,607,699</u>

As at 31 December 2023, 2024 and 2025, all of the Group’s non-current assets are located in the PRC.

5 OTHER INCOME OR LOSS, NET

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	4,643	2,613	1,293
Extra deduction of value-added tax (“VAT”) (<i>Note</i>)	3,993	613	–
Interest income	2,326	3,408	652
Net (loss)/gain on disposal of property and equipment and intangible assets	(13)	529	(2)
Net foreign exchange loss	(609)	(3,867)	(4,852)
Others	1,235	336	574
	<u>11,575</u>	<u>3,632</u>	<u>(2,335)</u>

Note: effective from 1 January 2024, the extra deduction of VAT policy has expired. As a result, the Company was no longer eligible to claim extra deduction of VAT incurred from 2024 onward.

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6 PROFIT BEFORE TAXATION

(a) Finance costs

	Years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on bank loans	–	584	990
Interest on lease liabilities	660	578	358
Interests on financing of property and equipment	178	–	–
	<u>838</u>	<u>1,162</u>	<u>1,348</u>

(b) Staff costs

	Years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and other benefits	162,994	152,419	135,042
Contributions to defined contribution retirement plan	17,797	16,586	14,906
	<u>180,791</u>	<u>169,005</u>	<u>149,948</u>

Note:

- (i) The employees of the Company and its subsidiaries established in the Chinese Mainland participate in defined contribution retirement benefit schemes managed by the respective local governments, whereby the Company and these subsidiaries are required to contribute to the schemes at specified percentages of the employees’ average salaries during the Track Record Period. Employees of the Company and these subsidiaries are entitled to receive retirement benefits, calculated based on a percentage of the average salaries level in the Chinese Mainland, from the above-mentioned retirement schemes at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Note	Years ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Depreciation on property and equipment	11(a)	10,215	8,603	6,148
Amortisation of intangible assets	12	323	184	31
Professional service fees in connection with the Company’s previous A share listing attempt		–	20,775	–
[REDACTED] in connection with [REDACTED] of the Company’s H shares		[REDACTED]	[REDACTED]	[REDACTED]

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current tax			
Enterprise Income Tax			
Provision for the year	23,033	10,355	12,201
Deferred tax			
Origination and reversal of temporary differences	(2,376)	(5,107)	(873)
	<u>20,657</u>	<u>5,248</u>	<u>11,328</u>

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(b) Reconciliations between income tax expenses and accounting profits at applicable tax rates:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before taxation	101,142	14,416	54,727
Notional tax calculated at tax rate of 25% (i)	25,286	3,604	13,682
Tax rates differentials (ii)	(3,797)	1,625	(3,039)
Tax effect of additional deduction on research and development expenses (iii)	(3,742)	(1,875)	(755)
Tax effect of non-deductible expenses (iv)	1,560	939	1,409
Tax effect of unrecognised deductible losses and deductible temporary differences	1,532	459	132
Effect of tax rate changes (ii)	—	821	—
Others	(182)	(325)	(101)
	<u>20,657</u>	<u>5,248</u>	<u>11,328</u>

Notes:

- (i) Entities of the Group established in the Chinese Mainland were subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period.
- (ii) The Company obtained the certificates of “High and New Technology Enterprise” (“HNTE”) from the tax authorities during the year 31 December 2024 and was subject to a preferential tax rate of 15% from 2024 onward during the Track Record Period.

During the Track Record Period, the provision for Hong Kong profits tax has been calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

- (iii) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Corporate Income Tax laws and regulations during the Track Record Period.
- (iv) Tax effect of non-deductible expenses mainly represented certain expenses which are not deductible in accordance with the relevant tax regulations in the PRC.

8 DIRECTORS’ EMOLUMENTS

Directors’ emoluments during the Track Record Period are as follows:

	Year ended 31 December 2023				
	Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Xiong Kun	—	880	144	63	1,087
Mr. Cheng Songyan	—	746	200	63	1,009
Mr. Liao Xinhua	—	880	100	63	1,043
Mr. Qiu Lin	—	602	85	63	750
Ms. Li Huijing	—	881	129	63	1,073
Non-executive directors:					
Mr. Wang Shiyu (ii)	—	—	—	—	—
Independent non-executive directors:					
Mr. Li He	56	—	—	—	56
Mr. Tang Xun	56	—	—	—	56
Ms. Han Mei	56	—	—	—	56
Supervisors:					
Mr. Dai Bosen	—	749	300	63	1,112
Mr. Li Zhenjiang (ii)	—	—	—	—	—
Mr. Yang Sensen	—	690	216	63	969
Mr. Wan Chaoyang	—	547	50	63	660
Mr. Yang Lei	—	425	40	63	528
Total	<u>168</u>	<u>6,400</u>	<u>1,264</u>	<u>567</u>	<u>8,399</u>

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Year ended 31 December 2024					
Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total	
RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	
Executive directors:					
Mr. Xiong Kun	–	884	144	66	1,094
Mr. Cheng Songyan	–	715	200	66	981
Mr. Liao Xinhua (resigned on 8 December 2024)	–	887	–	66	953
Mr. Qiu Lin	–	675	42	66	783
Ms. Li Huijing	–	956	88	66	1,110
Mr. Dai Bosen (appointed on 9 December 2024)	–	63	100	6	169
Non-executive directors:					
Mr. Wang Shiyu (resigned on 7 November 2024) (ii)	–	–	–	–	–
Independent non-executive directors:					
Mr. Li He (resigned on 7 November 2024)	42	–	–	–	42
Mr. Tang Xun (resigned on 7 November 2024)	42	–	–	–	42
Ms. Han Mei (resigned on 7 November 2024)	42	–	–	–	42
Supervisors:					
Mr. Li Zhenjiang (resigned on 7 November 2024) (ii)	–	–	–	–	–
Mr. Yang Sensen (resigned on 7 November 2024)	–	778	192	66	1,036
Mr. Yang Lei (resigned on 7 November 2024)	–	422	–	62	484
Ms. Li Meng (appointed on 14 August 2024)	–	192	143	28	363
Mr. Zhao Kangjie (appointed on 8 November 2024) (ii)	–	–	–	–	–
Mr. Wan Chaoyang (resigned on 13 August 2024)	–	377	–	38	415
Mr. Zou Weilong (appointed on 9 December 2024)	–	44	74	6	124
Total	<u>126</u>	<u>5,993</u>	<u>983</u>	<u>536</u>	<u>7,638</u>

Year ended 31 December 2025					
Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Contributions to defined contribution retirement schemes	Total	
RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	
Executive directors:					
Mr. Xiong Kun	–	884	300	68	1,252
Mr. Cheng Songyan	–	716	300	68	1,084
Mr. Qiu Lin	–	676	42	68	786
Ms. Li Huijing	–	877	–	68	945
Mr. Dai Bosen	–	755	263	68	1,086
Supervisors:					
Ms. Li Meng	–	566	238	68	872
Mr. Zhao Kangjie (ii)	–	–	–	–	–
Mr. Zou Weilong	–	477	231	68	776
Total	<u>–</u>	<u>4,951</u>	<u>1,374</u>	<u>476</u>	<u>6,801</u>

Notes:

- (i) During the Track Record Period, there was no amount paid or payable by the Group to the directors and supervisors or any of the five highest paid individuals as set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration during the Track Record Period.
- (ii) These individuals who assumed the roles as the Company’s non-executive director or supervisors were appointed by the Company’s investors. And their emolument for service rendered by them to the Group were borne by the related investors.

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals during the Track Record Period are set out below:

	Years ended 31 December		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Directors and supervisors	3	3	4
Other employees	2	2	1
	<u>5</u>	<u>5</u>	<u>5</u>
	=	=	=

The emoluments of the directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Years ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	1,499	1,678	603
Discretionary bonuses	500	392	300
Contributions to defined contribution retirement plans	126	133	49
	<u>2,125</u>	<u>2,203</u>	<u>952</u>
	=	=	=

The number of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Years ended 31 December		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Hong Kong Dollars (“HK\$”)1,000,001-HK\$1,500,000	2	2	1
	=	=	=

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Years ended 31 December		
	2023	2024	2025
Profit for the year attributable to ordinary equity shareholders of the Company (RMB'000)	80,486	9,154	42,076
Weighted average number of ordinary shares (<i>Note 10(a)</i>)	135,259,855	131,253,548	124,663,462
Basic earnings per share (RMB)	<u>0.60</u>	<u>0.07</u>	<u>0.34</u>

(a) Weighted average number of ordinary shares

	Years ended 31 December		
	2023	2024	2025
Ordinary shares in issue at 1 January	135,259,855	135,259,855	124,663,462
Effect of repurchase of ordinary shares (<i>Note 26(b)</i>)	–	(4,006,307)	–
Weighted average number of ordinary shares at 31 December	<u>135,259,855</u>	<u>131,253,548</u>	<u>124,663,462</u>

(b) Diluted earnings per share

During the Track Record Period, the amount of diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in existence.

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11 PROPERTY AND EQUIPMENT

(a) The Group

	Buildings	Electronic equipment	Vehicle	Office equipment	Leasehold improvements	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:							
At 1 January 2023	18,510	4,444	816	636	35	31,199	55,640
Additions	–	73	–	–	2	664	739
Disposals	–	–	(816)	–	–	(18)	(834)
At 31 December 2023	<u>18,510</u>	<u>4,517</u>	<u>–</u>	<u>636</u>	<u>37</u>	<u>31,845</u>	<u>55,545</u>
Accumulated depreciation:							
At 1 January 2023	(241)	(3,649)	(783)	(609)	–	(12,536)	(17,818)
Charge for the year	(482)	(407)	–	(2)	(31)	(9,293)	(10,215)
Written back on disposals	–	–	783	–	–	18	801
At 31 December 2023	<u>(723)</u>	<u>(4,056)</u>	<u>–</u>	<u>(611)</u>	<u>(31)</u>	<u>(21,811)</u>	<u>(27,232)</u>
Carrying amount:							
At 31 December 2023	<u>17,787</u>	<u>461</u>	<u>–</u>	<u>25</u>	<u>6</u>	<u>10,034</u>	<u>28,313</u>
Cost:							
At 1 January 2024	18,510	4,517	–	636	37	31,845	55,545
Additions	–	121	267	25	–	13,869	14,282
Disposals	–	(3)	–	(622)	–	(24,301)	(24,926)
At 31 December 2024	<u>18,510</u>	<u>4,635</u>	<u>267</u>	<u>39</u>	<u>37</u>	<u>21,413</u>	<u>44,901</u>
Accumulated depreciation:							
At 1 January 2024	(723)	(4,056)	–	(611)	(31)	(21,811)	(27,232)
Charge for the year	(482)	(238)	(23)	(5)	(6)	(7,849)	(8,603)
Written back on disposals	–	3	–	597	–	19,805	20,405
At 31 December 2024	<u>(1,205)</u>	<u>(4,291)</u>	<u>(23)</u>	<u>(19)</u>	<u>(37)</u>	<u>(9,855)</u>	<u>(15,430)</u>
Carrying amount:							
At 31 December 2024	<u>17,305</u>	<u>344</u>	<u>244</u>	<u>20</u>	<u>–</u>	<u>11,558</u>	<u>29,471</u>
Cost:							
At 1 January 2025	18,510	4,635	267	39	37	21,413	44,901
Additions	–	32	–	–	–	524	556
Disposals	–	(17)	–	–	–	(7,544)	(7,561)
At 31 December 2025	<u>18,510</u>	<u>4,650</u>	<u>267</u>	<u>39</u>	<u>37</u>	<u>14,393</u>	<u>37,896</u>
Accumulated depreciation:							
At 1 January 2025	(1,205)	(4,291)	(23)	(19)	(37)	(9,855)	(15,430)
Charge for the year	(482)	(118)	(26)	(6)	–	(5,516)	(6,148)
Written back on disposals	–	15	–	–	–	7,544	7,559
At 31 December 2025	<u>(1,687)</u>	<u>(4,394)</u>	<u>(49)</u>	<u>(25)</u>	<u>(37)</u>	<u>(7,827)</u>	<u>(14,019)</u>
Carrying amount:							
At 31 December 2025	<u>16,823</u>	<u>256</u>	<u>218</u>	<u>14</u>	<u>–</u>	<u>6,566</u>	<u>23,877</u>

(b) Right-of-use assets

The Group

During the Track Record Period, the Group mainly leases properties for its office space. The leases typically run for 1 to 3 years.

The analyses of expense items in relation to leases recognised in the Group’s consolidated statements of profit or loss and other comprehensive income are as follows:

	Years ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets	9,293	7,849	5,516
Interest on lease liabilities (Note 6(a))	660	578	358
Expenses relating to short-term leases	782	580	278

The total cash outflow for leases and the maturity analyses of lease liabilities are set out in Note 19(d) and Note 24, respectively.

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12 INTANGIBLE ASSETS

The Group

	Software	Brand	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:			
At 1 January 2023	1,251	17	1,268
Additions	34	–	34
Disposals	–	(17)	(17)
At 31 December 2023	<u>1,285</u>	<u>–</u>	<u>1,285</u>
Accumulated amortisation:			
At 1 January 2023	(757)	(6)	(763)
Charge for the year	(322)	(1)	(323)
Written back on disposals	–	7	7
At 31 December 2023	<u>(1,079)</u>	<u>–</u>	<u>(1,079)</u>
Carrying amount:			
At 31 December 2023	<u>206</u>	<u>–</u>	<u>206</u>
Cost:			
At 1 January 2024 and 31 December 2024	1,285	–	1,285
Accumulated amortisation:			
At 1 January 2024	(1,079)	–	(1,079)
Charge for the year	(184)	–	(184)
At 31 December 2024	<u>(1,263)</u>	<u>–</u>	<u>(1,263)</u>
Carrying amount:			
At 31 December 2024	<u>22</u>	<u>–</u>	<u>22</u>
Cost:			
At 1 January 2025	1,285	–	1,285
Additions	80	–	80
At 31 December 2025	<u>1,365</u>	<u>–</u>	<u>1,365</u>
Accumulated amortisation:			
At 1 January 2025	(1,263)	–	(1,263)
Charge for the year	(31)	–	(31)
At 31 December 2025	<u>(1,294)</u>	<u>–</u>	<u>(1,294)</u>
Carrying amount:			
At 31 December 2025	<u>71</u>	<u>–</u>	<u>71</u>

13 GOODWILL

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Beijing Bay Line	34,261	34,261	34,261
Shanghai Asiacan Enterprises Ltd.	3,932	3,932	3,932
At 31 December	<u>38,193</u>	<u>38,193</u>	<u>38,193</u>

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, the Group’s goodwill acquired through the business combination was related to the subsidiaries which was each regarded as a cash-generating unit (“CGU”). Goodwill amounting to RMB34,261,000 arose from the acquisition of Beijing Bay Line (“Beijing Bay Line CGU”), and goodwill amounting to RMB3,932,000 arose from the acquisition of Shanghai Asiacan Enterprises Ltd. (“Shanghai Asiacan CGU”).

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The recoverable amount of each CGU was determined based on the higher of fair value less costs of disposal and value in use calculations of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The directors of the Group forecasted the revenue growth rate and gross margin based on each CGU’s historical experience and the Group’s expectations of future changes in the industry and adjusted for other factors that are specific to each CGU. Cash flows beyond the five-year period were extrapolated using a terminal growth rate based on the relevant industry growth forecasts and does not exceed the average terminal growth rate of the relevant industry. The discount rate used are pre-tax and reflect market assessment of time value and the specific risks relating to each CGU.

The key assumptions used in the estimation of the recoverable amount of Beijing Bay Line CGU are as follows:

	As at 31 December		
	2023	2024	2025
Annual revenue growth rate during the forecast period	0.91%~2.87%	2.76%~4.59%	1.85%~4.59%
Pre-tax discount rate	<u>14.63%</u>	<u>12.82%</u>	<u>13.26%</u>

The headroom measured by the excess of the recoverable amount over the carrying amount of the CGU of Beijing Bay Line as at 31 December 2023, 2024 and 2025 are RMB13,305,000, RMB27,792,000 and RMB20,800,000, respectively. The Company performs the sensitivity analysis based on the assumption that revenue growth rate or the discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Beijing Bay Line			
Revenue growth rate decreases by 5%	12,816	24,793	18,801
Discount rate increases by 5%	1,986	10,793	3,801

As a result of the impairment test, the Group is of the view that there was no impairment of goodwill as at 31 December 2023, 2024 and 2025. A reasonable possible change in key parameter will not cause the carrying amount of the Beijing Bay Line CGU or Shanghai Asiatican CGU to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

14 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments in subsidiaries	<u>224,796</u>	<u>243,196</u>	<u>243,196</u>

Details of the Group’s subsidiaries are set out in Note 1.

The Group does not have any subsidiary with material NCI during the Track Record Period.

15 FINANCIAL ASSETS MEASURED AT FVPL

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments in equity securities (i)	<u>26,376</u>	<u>26,115</u>	<u>25,643</u>

(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments in equity securities (i)	<u>8,778</u>	<u>8,517</u>	<u>8,045</u>

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Notes:

- (i) The Group has made investments in unlisted companies. The directors of the Company consider that the Group has neither significant influence nor control over these investments and designated the investments as equity securities measured at FVPL.
- (ii) For information about the methods and assumptions used in determining the fair value of the investments in equity securities, see Note 27(d).

16 INVENTORIES AND CONTRACT COSTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	198,979	283,108	354,467
Contract fulfilment costs	10,751	1,011	3,286
Less: write-down of inventories	(4,768)	(3,747)	(6,723)
	<u>204,962</u>	<u>280,372</u>	<u>351,030</u>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	966,921	903,696	1,036,802
Recognition or (reversal) of inventories write-down, net . . .	(133)	(1,021)	2,976
	<u>966,788</u>	<u>902,675</u>	<u>1,039,778</u>

17 TRADE RECEIVABLES

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	157,824	124,967	123,845
Less: loss allowance	(7,231)	(4,478)	(4,946)
	<u>150,593</u>	<u>120,489</u>	<u>118,899</u>

All of the trade receivables are expected to be recovered or recognised as expenses within one year.

At the end of each reporting period, the ageing analyses of trade receivable, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	150,006	120,367	119,108
1 year to 2 years	969	192	208
2 years to 3 years	2,547	–	121
Above 3 years	4,302	4,408	4,408
	<u>157,824</u>	<u>124,967</u>	<u>123,845</u>

Further details on the Group’s credit policy and credit risk are set out in Note 27(a).

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(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables due from subsidiaries	8,138	8,522	25,031
Trade receivables due from third parties	51,016	35,855	33,598
Less: loss allowance	(409)	(405)	(416)
	<u>58,745</u>	<u>43,972</u>	<u>58,213</u>

18 PREPAYMENTS AND OTHER RECEIVABLES

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments for inventories and services	42,237	44,524	89,152
Prepayment for professional service fees in connection with the Company’s previous A share listing attempt	19,440	–	–
Prepayments for costs incurred in connection with [REDACTED] of the Company’s H shares	[REDACTED]	[REDACTED]	[REDACTED]
Advance payments on behalf of brand partners	101,157	64,321	50,236
Rebate receivable from brand partners	76,056	76,147	71,338
Deposits	13,162	9,321	36,333
Deductible input VAT and others	23,848	14,346	24,664
	<u>275,900</u>	<u>208,659</u>	<u>272,005</u>
Less: loss allowances	(458)	(1,678)	(1,614)
	<u>275,442</u>	<u>206,981</u>	<u>270,391</u>

(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables due from subsidiaries	88,578	50,033	155,646
Prepayment for professional service fees in connection with the Company’s previous A share listing attempt	19,440	–	–
Prepayments for costs incurred in connection with [REDACTED] of the Company’s H shares	[REDACTED]	[REDACTED]	[REDACTED]
Advance payments on behalf of brand partners	–	677	5,212
Deposits	2,001	891	891
Prepayments for inventories and services	630	2,579	3,353
Deductible input VAT and others	317	125	964
	<u>110,966</u>	<u>54,305</u>	<u>166,348</u>
Less: loss allowances	–	–	–
	<u>110,966</u>	<u>54,305</u>	<u>166,348</u>

19 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	237,606	201,936	56,253
Cash at payment platform	16,322	11,546	40,208
	<u>253,928</u>	<u>213,482</u>	<u>96,461</u>
Less: accrued interest on time deposit	(1,658)	(253)	–
Cash and cash equivalents in the consolidated statements of cash flows	<u>252,270</u>	<u>213,229</u>	<u>96,461</u>

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(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	181,314	126,146	1,176
Cash at payment platform	533	257	242
Cash at bank and on hand	<u>181,847</u>	<u>126,403</u>	<u>1,418</u>

(c) Reconciliations of liabilities arising from financing activities

The tables below detail changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Long-term account payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000 (Note 24)
At 1 January 2023	9,663	19,383	29,046
Changes from financing cash flows:			
Repayment for financing of property and equipment	(9,341)	–	(9,341)
Payments of interests of financing of property and equipment	(500)	–	(500)
Capital element of lease rentals paid	–	(9,688)	(9,688)
Interest element of lease rentals paid	–	(660)	(660)
Total changes from financing cash flows	<u>(9,841)</u>	<u>(10,348)</u>	<u>(20,189)</u>
Other changes:			
Net increase in lease liabilities	–	664	664
Finance costs	178	660	838
Total other changes	<u>178</u>	<u>1,324</u>	<u>1,502</u>
At 31 December 2023	<u>–</u>	<u>10,359</u>	<u>10,359</u>

	Bank loans	Lease liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000
At 1 January 2024	–	10,359	10,359
Changes from financing cash flows:			
Proceeds from bank loans	65,971	–	65,971
Repayment for bank loans	(38,028)	–	(38,028)
Interest paid	(534)	–	(534)
Capital element of lease rentals paid	–	(8,280)	(8,280)
Interest element of lease rentals paid	–	(578)	(578)
Total changes from financing cash flows	<u>27,409</u>	<u>(8,858)</u>	<u>18,551</u>
Other changes:			
Net increase in lease liabilities	–	8,552	8,552
Finance costs	584	578	1,162
Exchange adjustments	819	–	819
Total other changes	<u>1,403</u>	<u>9,130</u>	<u>10,533</u>
At 31 December 2024	<u>28,812</u>	<u>10,631</u>	<u>39,443</u>

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	Bank loans	Lease liabilities	Total
	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i> <i>(Note 24)</i>	<i>RMB'000</i>
At 1 January 2025	28,812	10,631	39,443
Changes from financing cash flows:			
Proceeds from bank loans	128,832	–	128,832
Repayment for bank loans	(95,800)	–	(95,800)
Capital element of lease rentals paid	–	(5,392)	(5,392)
Interest element of lease rentals paid	–	(358)	(358)
Interest paid	(766)	–	(766)
Total changes from financing cash flows	32,266	(5,750)	26,516
Other changes:			
Net increase in lease liabilities	–	524	524
Finance costs	990	358	1,348
Exchange adjustments	(2,663)	–	(2,663)
Total other changes	(1,673)	882	(791)
At 31 December 2025	<u>59,405</u>	<u>5,763</u>	<u>65,168</u>

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for lease rentals paid are as follows:

	Years ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating cash flows	782	580	278
Within financing cash flows	10,348	8,858	5,750
	<u>11,130</u>	<u>9,438</u>	<u>6,028</u>

20 TRADE PAYABLES

(a) The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables due to third parties	<u>63,068</u>	<u>100,107</u>	<u>42,721</u>

As at the end of each reporting period, the ageing analyses of trade payables, based on the invoice date, are as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	63,035	100,087	42,721
Above 1 year	33	20	–
	<u>63,068</u>	<u>100,107</u>	<u>42,721</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

(b) The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables due to subsidiaries	10,808	9,356	8,524
Trade payables due to third parties	1,900	1,946	124
	<u>12,708</u>	<u>11,302</u>	<u>8,648</u>

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21 OTHER PAYABLES AND ACCRUALS

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables of staff costs	23,806	19,258	19,204
Other payables and accruals	1,047	1,332	2,918
Other taxes payables	4,226	3,399	6,815
	<u>29,079</u>	<u>23,989</u>	<u>28,937</u>

(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amount due to subsidiaries	80,708	121,923	94,944
Payables of staff costs	10,173	8,310	6,880
Other payables and accruals	42	15	578
Other taxes payables	2,629	2,465	2,732
	<u>93,552</u>	<u>132,713</u>	<u>105,134</u>

22 CONTRACT LIABILITIES

(a) The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipts in advance from customers	<u>10,273</u>	<u>6,901</u>	<u>3,396</u>

Movements in contract liabilities during the Track Record Periods are set out below:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at 1 January	8,021	10,273	6,901
Increase in contract liabilities as a result of receipts in advance	10,273	6,901	3,396
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	<u>(8,021)</u>	<u>(10,273)</u>	<u>(6,901)</u>
Balance at 31 December	<u>10,273</u>	<u>6,901</u>	<u>3,396</u>

The contract liabilities are expected to be recognised as revenue within one year.

(b) The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipts in advance from customers	<u>5,689</u>	<u>3,156</u>	<u>217</u>

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23 BANK LOANS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans – denominated in RMB	–	–	34,700
Bank loans – denominated in USD	–	28,812	24,705
	–	28,812	59,405
	–	–	–

The annual interest rate of bank loan was 6.24% per annum during the year ended 31 December 2024. The annual interest rates of bank loans denominated in RMB ranged from 2.45% to 3.98% per annum and the annual interest rates of bank loans denominated in USD ranged from 4.94% to 4.97% per annum during the year ended 31 December 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans repayable within one year – denominated in RMB	–	–	30,700
	–	–	–

All the bank loans of the Group and the Company are repayable within one year.

24 LEASE LIABILITIES

(a) The Group

At the end of each reporting period, the lease liabilities were repayable as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	7,469	5,267	4,993
After 1 year but within 2 years	2,890	4,781	770
After 2 years but within 5 years	–	583	–
	2,890	5,364	770
	10,359	10,631	5,763

(b) The Company

At the end of each reporting period, the lease liabilities were repayable as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	3,350	1,120	1,175
After 1 year but within 2 years	1,496	1,175	220
After 2 years but within 5 years	–	220	–
	1,496	1,395	220
	4,846	2,515	1,395

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25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At January 1	22,243	16,317	6,842
Provision for the year	23,033	10,355	12,201
Income tax paid	(28,959)	(19,830)	(12,627)
At December 31	<u>16,317</u>	<u>6,842</u>	<u>6,416</u>

(b) Deferred tax assets and liabilities recognised:

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

	Right-of-use assets	Lease liabilities	Fair value adjustments on financial instruments measured at FVPL	Allowance for credit losses	Unrealized profits from internal transactions	Unused tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:							
At 1 January 2023	(4,361)	4,270	(2,508)	3,363	(22)	–	742
Credited/(charged) to profit or loss	<u>1,796</u>	<u>(1,847)</u>	<u>119</u>	<u>(332)</u>	<u>41</u>	<u>2,599</u>	<u>2,376</u>
At 31 December 2023 and 1 January 2024	(2,565)	2,423	(2,389)	3,031	19	2,599	3,118
Credited/(charged) to profit or loss	<u>78</u>	<u>6</u>	<u>249</u>	<u>(720)</u>	<u>(23)</u>	<u>5,517</u>	<u>5,107</u>
At 31 December 2024 and 1 January 2025	(2,487)	2,429	(2,140)	2,311	(4)	8,116	8,225
Credited/(charged) to profit or loss	<u>1,072</u>	<u>(1,185)</u>	<u>208</u>	<u>112</u>	<u>302</u>	<u>364</u>	<u>873</u>
At 31 December 2025	<u>(1,415)</u>	<u>1,244</u>	<u>(1,932)</u>	<u>2,423</u>	<u>298</u>	<u>8,480</u>	<u>9,098</u>

(ii) *Reconciliation to the consolidated statements of financial position*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets in the consolidated statements of financial position	6,208	10,688	10,084
Net deferred tax liabilities in the consolidated statements of financial position	<u>(3,090)</u>	<u>(2,463)</u>	<u>(986)</u>
	<u>3,118</u>	<u>8,225</u>	<u>9,098</u>

(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB9,283,000, RMB12,371,000 and RMB13,172,000 as at 31 December 2023, 2024 and 2025, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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26 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliations between the opening and closing balances of each component of the Group’s consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity are set out below:

	Attributable to equity holders of the Company					
	Note	Share capital	Capital reserve	Statutory reserves	Retained profits	Total equity
		RMB’000 (Note 26(b))	RMB’000 (Note 26(c))	RMB’000 (Note 26(d))	RMB’000	RMB’000
Balance at 1 January 2023		135,260	312,314	3,047	24,981	475,602
Changes in equity for the year ended 31 December 2023						
Total comprehensive income for the year		–	–	–	6,387	6,387
Appropriation to statutory reserves		–	–	639	(639)	–
Balance at 31 December 2023 and 1 January 2024		135,260	312,314	3,686	30,729	481,989
Change in equity for the year ended 31 December 2024:						
Total comprehensive income for the year		–	–	–	(24,194)	(24,194)
Repurchase of ordinary shares		(10,597)	(106,063)	–	–	(116,660)
Balance at 31 December 2024 and 1 January 2025		124,663	206,251	3,686	6,535	341,135
Change in equity for the year ended 31 December 2025:						
Total comprehensive income for the year		–	–	–	2,348	2,348
Appropriation to statutory reserves		–	–	235	(235)	–
Balance at 31 December 2025		<u>124,663</u>	<u>206,251</u>	<u>3,921</u>	<u>8,648</u>	<u>343,483</u>

(b) Share capital

	Years ended 31 December					
	2023		2024		2025	
	No. of shares (’000)	Share capital RMB’000	No. of shares (’000)	Share capital RMB’000	No. of shares (’000)	Share capital RMB’000
Ordinary shares, issued and fully paid:						
At 1 January	135,259,855	135,260	135,259,855	135,260	124,663,462	124,663
Shares repurchased (Note)	–	–	(10,596,393)	(10,597)	–	–
At 31 December	<u>135,259,855</u>	<u>135,260</u>	<u>124,663,462</u>	<u>124,663</u>	<u>124,663,462</u>	<u>124,663</u>

Note: On 15 August 2024, the Company entered into a share repurchase agreement with Mr. Wang Yanke (王岩科先生), Jiangyin Guotiao Hongtai Private Equity Investment Partnership (Limited Partnership) (江陰國調洪泰私募股權投資合夥企業(有限合夥)) and Hangzhou Xianfeng Qiyun Investment Partnership (Limited Partnership) (杭州險峰旗雲投資合夥企業(有限合夥)), pursuant to which, among others, the Company agreed to repurchase 6,233,173 Shares, 3,739,903 Shares and 623,317 Shares held by Mr. Wang Yanke (王岩科先生), Jiangyin Guotiao Hongtai Private Equity Investment Partnership (Limited Partnership) and Hangzhou Xianfeng Qiyun Investment Partnership (Limited Partnership), respectively, at a consideration of RMB68.9 million, RMB40.9 million and RMB6.8 million, respectively.

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(c) Capital reserve

The capital reserve comprises the differences between the net considerations received and the nominal amount of paid-in capital/share capital issued by the Company.

(d) Statutory reserves

The statutory reserve consists of statutory surplus reserve and discretionary surplus reserve. According to the Company’s Articles of Association, the Company is required to transfer 10% of its net profit, as determined in accordance with the lower of the amount determined under China Accounting Standards for Business Enterprises and the amount determined under IFRS Accounting Standards, to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of any dividend to shareholders.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(f) Dividends

No dividends had been declared by the Group during the Track Record Period.

The directors of the Company consider that the distributions/dividends policy during the Track Record Period is not indicative of the future dividend policy of the Company.

(g) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables. The Group’s exposure to credit risk arising from cash at bank is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade and other receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle progress billings.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025, 45%, 51% and 48%, respectively, of the total trade receivables was due from the Group’s five largest trade debtors.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments and geographic regions, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

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The following tables provide information about the Group’s exposure to credit risk and ECLs for trade receivables as at 31 December 2023, 2024 and 2025:

As at 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	0.1%	150,006	8
1 year to 2 years	50.8%	969	492
2 years to 3 years	95.4%	2,547	2,429
Above 3 years	100.0%	4,302	4,302
		<u>157,824</u>	<u>7,231</u>

As at 31 December 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	0.1%	120,367	—*
1 year to 2 years	36.5%	192	70
2 years to 3 years	95.4%	—	—
Above 3 years	100.0%	4,408	4,408
		<u>124,967</u>	<u>4,478</u>

* represents amount below RMB1,000

As at 31 December 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB’000	RMB’000
Within 1 year	0.3%	119,108	330
1 year to 2 years	48.8%	208	102
2 years to 3 years	87.8%	121	106
Above 3 years	100.0%	4,408	4,408
		<u>123,845</u>	<u>4,946</u>

Other receivables

The Group has assessed the ECLs of other receivables based on the debtor’s payment history and other information related to the debtors. The Group has identified certain debtors were in financial difficulties and the related credit risks have increased significantly. Accordingly, loss allowance of RMB458,000, RMB1,678,000 and RMB1,614,000 as at 31 December 2023, 2024 and 2025, respectively, have been recognised.

Movements in the loss allowance account in respect of trade and other receivables during the Track Record Period are as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Balance at 1 January	8,740	7,689	6,156
Impairment losses (reversed)/recognised, net	(1,037)	846	477
Write-off	(14)	(2,379)	(73)
Balance at 31 December	<u>7,689</u>	<u>6,156</u>	<u>6,560</u>

(b) Liquidity risk

The Group’s policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

As at 31 December 2023 contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amounts in the consolidated statements of financial position
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables (Note 20)	63,068	–	–	63,068	63,068
Other payables and accruals (Note 21)	1,047	–	–	1,047	1,047
Lease liabilities (Note 24)	7,709	2,999	–	10,708	10,359
	<u>71,824</u>	<u>2,999</u>	<u>–</u>	<u>74,823</u>	<u>74,474</u>
As at 31 December 2024 contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amounts in the consolidated statements of financial position
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables (Note 20)	100,107	–	–	100,107	100,107
Other payables and accruals (Note 21)	1,332	–	–	1,332	1,332
Lease liabilities (Note 24)	5,688	5,046	585	11,319	10,631
Bank loans (Note 23)	29,117	–	–	29,117	28,812
	<u>136,244</u>	<u>5,046</u>	<u>585</u>	<u>141,875</u>	<u>140,882</u>
As at 31 December 2025 contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amounts in the consolidated statements of financial position
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables (Note 20)	42,721	–	–	42,721	42,721
Other payables and accruals (Note 21)	2,918	–	–	2,918	2,918
Lease liabilities (Note 24)	5,145	781	–	5,926	5,763
Bank loans (Note 23)	59,540	–	–	59,540	59,405
	<u>110,324</u>	<u>781</u>	<u>–</u>	<u>111,105</u>	<u>110,807</u>

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Chinese Yuan (“CNY”), United States dollars (“USD”), Australian dollars (“AUD”), and Euros (“EUR”). The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group’s exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group’s presentation currency are excluded.

	As at 31 December 2023				As at 31 December 2024				As at 31 December 2025			
	USD	EUR	CNY	AUD	USD	EUR	CNY	AUD	USD	EUR	CNY	AUD
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	2,668	–	23,770	–	7,922	193	16,627	12,110	5,549	73	19,896	–
Prepayments and other receivables	17,751	5	8,751	11,994	6,572	–	14,210	22,033	37,462	12,870	310	14,984
Cash and cash equivalents	13,871	229	12,157	8,990	5,536	127	9,520	6,192	14,966	6,015	7,124	7,901
Trade payables	(11,349)	–	(6,528)	(5,465)	–	–	(50,651)	(12,626)	–	–	–	(7,507)
Net exposure arising from recognized assets and liabilities	<u>22,941</u>	<u>234</u>	<u>38,150</u>	<u>15,519</u>	<u>20,030</u>	<u>320</u>	<u>(10,294)</u>	<u>27,709</u>	<u>57,977</u>	<u>18,958</u>	<u>27,330</u>	<u>15,378</u>

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(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group’s profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December					
	2023		2024		2025	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
USD	5%	860	5%	751	5%	2,174
	(5%)	(860)	(5%)	(751)	(5%)	(2,174)
EUR	5%	9	5%	12	5%	711
	(5%)	(9)	(5%)	(12)	(5%)	(711)
CNY	5%	1,431	5%	(386)	5%	1,025
	(5%)	(1,431)	(5%)	386	(5%)	(1,025)
AUD	5%	582	5%	1,039	5%	577
	(5%)	(582)	(5%)	(1,039)	(5%)	(577)

(d) Fair values measurement

Fair value hierarchy

Fair values are categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) Financial assets and liabilities measured at fair value

The following tables present the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into
	RMB’000	Level 3 RMB’000
Assets		
Investments in equity securities	26,376	26,376

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into
	RMB’000	Level 3 RMB’000
Assets		
Investments in equity securities	26,115	26,115

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	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into
	<i>RMB’000</i>	Level 3 <i>RMB’000</i>
Assets		
Investments in equity securities	25,643	25,643

The following table presents the changes in level 3 instruments of investment in equity securities measured at FVPL at the end of each of the reporting period:

	For the year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	26,849	26,376	26,115
Investment income	–	(572)	(570)
Changes in fair value	(473)	311	98
At the end of the year	26,376	26,115	25,643

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Below is a summary of the valuation techniques and significant unobservable inputs to the valuation of these financial assets at 31 December 2023, 2024 and 2025.

As at 31 December 2023	Valuation techniques	Significant unobservable inputs
Investments in equity securities	Market approach	Discount for lack of marketability
As at 31 December 2024	Valuation techniques	Significant unobservable inputs
Investments in equity securities	Market approach	Discount for lack of marketability
As at 31 December 2025	Valuation techniques	Significant unobservable inputs
Investments in equity securities	Market approach	Discount for lack of marketability

During the Track Record Period, the Group’s investments in equity securities measured at FVPL are investments in non-listed entities of which fair values were substantially determined based on market approach. Given the discount for lack of marketability was not developed by the Group, the management of the Group did not carry out nor present any information on sensitivity analysis.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2023, 2024 and 2025.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from bank loans. The bank loans were all fixed-rate borrowings. Overall, the Group’s exposure to interest rate risk is not significant.

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28 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the Track Record Period:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, wages and other benefits	7,149	6,893	5,554
Discretionary bonuses	1,464	1,183	1,674
Contributions to defined contribution retirement plan	630	599	525
	<u>9,243</u>	<u>8,675</u>	<u>7,753</u>

Total remuneration was included in “staff costs” (see Note 6(b)).

(b) During the Track Record Period, transactions with the following parties are considered as related party transactions:

Name of parties	Relationship with the Group
Beijing Yilingchenfei Technology Co., Ltd. and its subsidiaries (BJ Yilingchenfei Group)	Controlled by the non-controlling interest of a subsidiary

(c) Transactions with related parties during the Track Record Period

	Years ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade in nature			
Sales of goods	–	6,125	7,795
Purchases of goods	–	–	219,919

(d) Transactions balances with related parties during the Track Record Period

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade in nature			
Trade receivables	–	–	7,699
Prepayments and other receivables	–	–	43,709

The purchase price of relevant products between the Group and BJ Yilingchenfei Group were determined based on arm’s length negotiations between the parties, taking into account factors, including (i) the selling prices of the products offered by BJ Yilingchenfei Group, (ii) the Group’s cost and profit margin; and (iii) the prevailing market price of comparable products. The pricing terms were in line with the market rates.

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider that there is no immediate and the ultimate controlling party of the Company.

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments and new standards which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture.	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

31 SUBSEQUENT EVENTS

There were no material subsequent events after 31 December 2025 and up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2025.