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

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MILIAN TECHNOLOGY INC. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Milian Technology Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], 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 cash flow statements 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-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of 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.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group'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-[●] have been made.

Dividends

We refer to Note 21(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
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Central, Hong Kong
[●]

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").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	4	1,033,834	2,372,511	4,121,677
Cost of revenue	5	(586,477)	(1,290,198)	(2,036,426)
Gross profit		447,357	1,082,313	2,085,251
Selling and marketing expenses	5	(298,423)	(654,826)	(960,794)
General and administrative expenses	5	(33,196)	(65,393)	(156,585)
Research and development expenses	5	(92,514)	(136,542)	(217,615)
Other income, net	6	10,740	14,454	6,587
Profit from operations		33,964	240,006	756,844
Finance costs		(67)	(100)	(173)
Changes in carrying amount of convertible redeemable preferred shares	18	(54,807)	(58,136)	(58,200)
(Loss)/profit before taxation		(20,910)	181,770	698,471
Income tax credit/(expenses)	8	4,104	(36,145)	(179,330)
(Loss)/profit for the year attributable to equity shareholders of the Company		(16,806)	145,625	519,141
Other comprehensive income for the year (after tax)				
Item that will not be reclassified to profit or loss:				
Translation differences of financial statements of the Company		(3,637)	(4,244)	7,246
Item that may be reclassified subsequently to profit or loss:				
Translation differences of financial statements of subsidiaries with functional currencies other than RMB		(7,411)	(3,542)	6,007
Other comprehensive income for the year		(11,048)	(7,786)	13,253
Total comprehensive income for the year attributable to equity shareholders of the Company		(27,854)	137,839	532,394
(Loss)/earnings per share				
Basic (RMB)	11	(0.03)	0.22	0.80
Diluted (RMB)	11	(0.03)	0.18	0.53

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property and equipment		1,305	2,701	6,295
Right-of-use assets	*12*	2,159	4,430	7,923
Deferred tax assets	*20(b)*	104,852	74,544	10,012
Term deposits with banks	*15(b)*	10,052	10,347	–
		118,368	92,022	24,230
Current assets				
Trade receivables	*13*	11,022	18,286	33,066
Prepayments and other receivables	*14*	14,461	23,254	46,449
Financial assets measured at fair value through profit or loss ("FVTPL")	*22(e)*	10,008	30,067	70,204
Term deposits with banks	*15(b)*	–	–	45,867
Restricted cash	*15(a)*	–	106	1,945
Cash and cash equivalents	*15(a)*	390,336	650,058	1,379,117
		425,827	721,771	1,576,648
Current liabilities				
Trade and other payables	*16*	78,741	179,720	313,429
Contract liabilities	*17*	65,426	87,541	95,634
Lease liabilities	*12*	1,377	2,729	4,302
Current tax payable	*20(a)*	–	5,836	35,306
Convertible redeemable preferred shares	*18*	743,671	735,664	776,877
		889,215	1,011,490	1,225,548
Net current (liabilities)/assets		(463,388)	(289,719)	351,100
Total assets less current liabilities		(345,020)	(197,697)	375,330
Non-current liabilities				
Lease liabilities	*12*	847	1,644	3,571
Deferred tax liabilities	*20(b)*	–	–	1,964
		847	1,644	5,535
NET (LIABILITIES)/ASSETS		(345,867)	(199,341)	369,795
CAPITAL AND RESERVES				
Share capital	*21(c)*	44	44	51
Reserves	*21(d)*	(345,911)	(199,385)	369,744
TOTAL (DEFICIT)/EQUITY		(345,867)	(199,341)	369,795

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		At 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current asset				
Interests in subsidiaries	*1*	514,803	441,679	467,104
		514,803	441,679	467,104
Current assets				
Amounts due from the controlling shareholders		46	47	–
Cash and cash equivalents	*15(a)*	116	4,007	176
		162	4,054	176
Current liabilities				
Trade and other payables	*16*	–	10,319	6,680
Convertible redeemable preferred shares	*18*	743,671	735,664	776,877
		743,671	745,983	783,557
Net current liabilities		(743,509)	(741,929)	(783,381)
Total assets less current liabilities		(228,706)	(300,250)	(316,277)
NET LIABILITIES		(228,706)	(300,250)	(316,277)
CAPITAL AND RESERVES				
Share capital	*21(c)*	44	44	51
Reserves	*21(d)*	(228,750)	(300,294)	(316,328)
TOTAL DEFICIT		(228,706)	(300,250)	(316,277)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 21(c)	*Note 21(d)*	*Note 21(d)*	*Note 21(d)*		
Balance at 1 January 2023	44	682	11,259	(16,292)	(318,244)	(322,551)
Changes in equity for 2023:						
Loss for the year	–	–	–	–	(16,806)	(16,806)
Other comprehensive income	–	–	–	(11,048)	–	(11,048)
Total comprehensive income	–	–	–	(11,048)	(16,806)	(27,854)
Share-based payment expenses	–	–	4,538	–	–	4,538
Balance at 31 December 2023	44	682	15,797	(27,340)	(335,050)	(345,867)

The accompanying notes form part of the Historical Financial Information.

	Share capital	Shares held for the employee incentive scheme	Capital reserve	Share-based payments reserve	Statutory surplus reserve	Exchange reserve	(Accumulated losses)/ retained earnings	Total (deficit)/ equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 21(c)	*Note 21(c)*	*Note 21(d)*	*Note 21(d)*	*Note 21(d)*	*Note 21(d)*		
Balance at 1 January 2024	44	–	682	15,797	–	(27,340)	(335,050)	(345,867)
Changes in equity for 2024:								
Profit for the year	–	–	–	–	–	–	145,625	145,625
Other comprehensive income	–	–	–	–	–	(7,786)	–	(7,786)
Total comprehensive income	–	–	–	–	–	(7,786)	145,625	137,839
Share-based payment expenses	–	–	–	8,687	–	–	–	8,687
Appropriation	–	–	–	–	2,841	–	(2,841)	–
Balance at 31 December 2024	44	–	682	24,484	2,841	(35,126)	(192,266)	(199,341)
Balance at 1 January 2025	44	–	682	24,484	2,841	(35,126)	(192,266)	(199,341)
Changes in equity for 2025:								
Profit for the year	–	–	–	–	–	–	519,141	519,141
Other comprehensive income	–	–	–	–	–	13,253	–	13,253
Total comprehensive income	–	–	–	–	–	13,253	519,141	532,394
Share-based payment expenses	–	–	–	36,742	–	–	–	36,742
Shares issued and held for the employee incentive scheme	7	(7)	–	–	–	–	–	–
Appropriation	–	–	–	–	50,505	–	(50,505)	–
Balance at 31 December 2025	51	(7)	682	61,226	53,346	(21,873)	276,370	369,795

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*15(c)*	75,123	343,242	926,556
Income tax paid	*20(a)*	–	(1)	(84,457)
Net cash generated from operating activities		75,123	343,241	842,099
Investing activities				
Payment for the purchase of property and equipment		(1,192)	(2,091)	(5,707)
Payment for the purchase of term deposits with banks		(10,000)	(163,571)	(35,144)
Proceeds from disposal of term deposits with banks		76	163,571	–
Interest income		2	2,927	–
Proceeds from disposal of property and equipment		47	–	8
Purchase of financial assets measured at FVTPL	*22(e)*	(675,000)	(1,045,900)	(990,000)
Proceeds from disposal of financial assets measured at FVTPL	*22(e)*	665,000	1,025,908	950,067
Investment income from financial assets measured at FVTPL	*6*	1,198	1,763	1,867
Loans to employees	*14*	–	–	(13,325)
Net cash used in investing activities		(19,869)	(17,393)	(92,234)
Financing activities				
Interest element of lease rentals paid	*15(d)*	(67)	(100)	(173)
Capital element of lease rentals paid	*15(d)*	(1,530)	(2,416)	(4,200)
Repurchase of convertible redeemable preferred shares	*15(d)*	–	(65,605)	(10,319)
Payment of [REDACTED] expenses		–	–	(2,380)
Net cash used in financing activities		(1,597)	(68,121)	(17,072)
Net increase in cash and cash equivalents		53,657	257,727	732,793
Cash and cash equivalents at the beginning of the year		335,966	390,336	650,058
Effect of foreign currency exchange rate changes		713	1,995	(3,734)
Cash and cash equivalents at the end of the year	*15(a)*	390,336	650,058	1,379,117

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Milian Technology Inc. ("the Company") was incorporated in the Cayman Islands on 2 April 2019. The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") operates online relationship-oriented social networking platforms with basic functions and value-added services to enhance their interaction and social experiences. The Group's principal geographic market is the People's Republic of China ("PRC").

To ensure compliance with the relevant PRC laws and regulations, the Group conducts its foreign investment-restricted business in PRC primarily through Beijing Milian Technology Co., Ltd. ("Beijing Milian") and its subsidiaries (together refers to "PRC Operating Entities"). To comply with the relevant PRC laws and regulations, a subsidiary of the Company, Beijing Linke Technology Co., Ltd. ("Beijing Linke") (refers to "WFOE Entity"), has entered into a series of contractual arrangements (the "Contractual Arrangements"). As a result of the Contractual Arrangements, the Group is considered to have control over the PRC Operating Entities as it has rights to exercise power over PRC Operating Entities, receive variable returns from its involvement with PRC Operating Entities, and has the ability to affect those returns through its power over PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as controlled entities and consolidated the financial position and results of operations of these entities in the Historical Financial Information of the Group.

As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies. The subsidiaries established in the PRC are of limited liability.

Company Name	Place and date of establishment and operation	Registered capital/ paid-up capital	Effective interest held	Principal activities
Indirectly held				
Beijing Linke (北京鄰可科技有限公司) *(i)(iii)*	PRC 22 May 2019	RMB199,705,200/ RMB199,705,200	100%	Providing technology development and consulting services in support of the Contractual Arrangements
Held through contractual arrangements *(ii)*				
Beijing Milian (北京米連科技有限公司) *(i)(iv)*	PRC 2 September 2015	RMB5,681,818/ RMB681,818	100%	Providing social networking related services
Tianjin Youxian Network Technology Co., Ltd. (天津又閑網絡科技有限公司) *(i)(v)*	PRC 6 May 2021	RMB2,000,000/ RMB2,000,000	100%	Providing social networking related services

(i) The official names of these entities are in Chinese. The English translation of the names is for identification purpose only.

(ii) The Company does not have direct or indirect legal ownership in equity of these entities. Nevertheless, under the Contractual Arrangements entered into with Beijing Milian and its registered shareholders, the Group has rights to exercise power over these entities, receive variable returns from its involvement in these entities, and has the ability to affect those returns through its power over these entities. As a result, these entities are presented as controlled entities of the Group. The entities held through contractual arrangements are limited liability companies.

(iii) This entity is a wholly foreign-owned enterprise. The financial statements of this entity for the year ended 31 December 2023 were audited by Beijing Bochen Yiheng Certified Public Accountants (General Partnership) (北京博宸益恒會計師事務所(普通合夥)). The financial statements for the year ended 31 December 2024 were audited by Beijing Zhongqi Kaiyuan Certified Public Accountants (General Partnership) (北京中企楷源會計師事務所(普通合夥)). No audited financial statements were prepared for the year ended 31 December 2025. The entity prepared its financial statements in accordance with the Accounting Standards for Business Enterprise (the "PRC GAAP") issued by Ministry of Finance of the PRC.

(iv) The financial statements of this entity for the year ended 31 December 2023 were audited by Beijing Bochen Yiheng Certified Public Accountants (General Partnership) (北京博宸益恒會計師事務所 (普通合夥)). The financial statements for the year ended 31 December 2024 were audited by Beijing Zhongxi Global Certified Public Accountants' Firm (北京中西環球會計師事務所). No audited financial statements were prepared for the year ended 31 December 2025. The entity prepared its financial statements in accordance with the PRC GAAP.

(v) No audited financial statements were prepared for the entity during the Track Record Period.

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 ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. To prepare the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new and revised standards that are not yet effective for the accounting period beginning 1 January 2025. The new and revised accounting standards issued but not yet effective for the accounting period beginning 1 January 2025 are set out in Note 26.

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 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 Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

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 financial assets measured at FVTPL and convertible redeemable preferred shares, the measurement basis of which was disclosed in Notes 2(d) and 2(n), respectively.

(b) Use of estimates and judgements

The preparation of 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

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 Historical Financial Information 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 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.

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.

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, are set out below.

Investments in debt and equity 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 FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 22(e).

Investments held by the Group are mainly structured deposits and are subsequently measured at FVTPL. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property and equipment

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

Gains or losses on disposal of an item of property and equipment are recognised in profit or loss on the date of disposal.

Depreciation is calculated to write-off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follow:

- Electronic equipment . . . . 3 years
- Office and other equipment . . . . 1 to 5 years

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

(f) Intangible assets

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. There were no development costs capitalised as intangible assets during the Track Record Period.

Intangible assets acquired by the Group are mainly software with finite useful lives of 2 years and are measured at cost less accumulated amortisation and impairment losses (see Note 2(h)(ii)).

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

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

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 and non-lease component, 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 short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, 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 calculated 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 Notes 2(e) and 2(h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to 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 (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, term deposits with banks, trade receivables and other receivables).

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 fixed-rate financial assets, trade receivables and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where 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 losses that are expected to result from possible default events 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 losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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 analysis, 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 more than 30 days past due.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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 amount through a loss allowance account.

Credit-impaired financial assets

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 past due event;
- it is probable that the borrower will enter into bankruptcy or other financial reorganisation;
- 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 is written off (either partially or in full) 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 the following non-financial assets to determine whether there is any indication of impairment:

- property and equipment;
- intangible assets;
- right-of-use assets, and
- interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

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 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 to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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.

(i) 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)). 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 cases, a corresponding receivable would also be recognised (see Note 2(j)).

(j) Trade receivables and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if 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)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand 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)).

(l) Restricted cash

Cash at bank that is restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated statements of financial position.

(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 unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Convertible redeemable preferred shares

The Company issued certain convertible redeemable preferred shares to investors. As the Company is obligated to redeem the preferred shares in cash upon occurrence of the contingent events which are beyond its control, the Company classifies the convertible redeemable preferred shares issued as financial liabilities.

The liabilities resulting from these contingent redemption obligations are measured at the present value of the redemption amount. When there are different possible redemption scenarios with different present values of the redemption amounts, the carrying amount of the liabilities are measured at the highest present value of redemption amount that could be triggered by the contingent redemption events. Under the above approach, the changes in the carrying amount of the financial liabilities are recognised in profit or loss as "changes in carrying amount of convertible redeemable preferred shares".

The convertible redeemable preferred shares were classified as current liabilities as certain redemption events may occur anytime. If the convertible redeemable preferred shares are converted into ordinary shares where the preferential rights are terminated, the carrying amount of the financial liabilities at that time will be reclassified to equity.

(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) Share-based payment

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. The term "equity-settled share-based payment" refers to a transaction in which the Group grants share options as a consideration in return for services rendered or a transaction in which the Group receives services but has no obligation to settle the transaction.

The grant-date fair value of equity-settled share-based payment granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The equity amount is recognised in the share-based payments reserve until either the option is exercised or the option expires.

(iii) 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.

(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 other comprehensive income.

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 assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. 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 investment in subsidiaries, associates and joint venture 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;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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.

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 provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a 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.

(a) Value-added services

The Group operates online relationship-oriented social networking platforms with basic functions that are free of charge. Users can purchase user coins from the Group's platforms and use such user coins to enable interactive functions and purchase virtual items and gift them to other users on the Group's platforms. Revenue from provision of value-added services on the Group's social networking platforms is recognised when the user coins or virtual items are consumed by the users.

The Group also offer membership subscription packages to users. Users may subscribe for membership to receive value-added services solely available to members. The contract period for the membership subscription ranges from one month to one year. Revenue for membership is recognised ratably over the contract period.

The Group has evaluated and concluded that the Group controls the valued-added services before they are transferred to the users, i.e. the Group acts as a principal in its revenue transactions. Accordingly, revenue from the provision of value-added services is recorded on a gross basis.

(b) Other revenue

Other revenue mainly comprises revenue from advertising service. Revenue is recognised when the service is provided.

(ii) Other income

(a) Interest income

Interest income is recognised using the effective interest rate method. The "effective interest rate" is the 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.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the 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 at the foreign exchange rates ruling at the end of each reporting period. 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 the Company and foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of the Company and foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve.

(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 (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(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.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results. Significant sources of estimation uncertainty are as follows:

(i) Share-based payment expenses

The Group grants share options to employees and consultants. The Group has used the binomial option pricing model to determine the fair value of the share options as at the grant date. The determination of the fair value of share options is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price, exercise multiple and risk-free interest rate (see Note 19).

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue from contracts with customers

The Group is principally engaged in providing value-added services through operating online relationship-oriented social networking platforms. Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Virtual items and interactive functions	983,328	2,319,771	4,070,227
Membership services	50,335	51,644	51,297
Others	171	1,096	153
	1,033,834	2,372,511	4,121,677

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Point in time	983,499	2,320,867	4,070,380
Over time	50,335	51,644	51,297
	1,033,834	2,372,511	4,121,677

The Group generally enters into service contracts with customers for a contract term of less than one year. Therefore, the Group has applied the practical expedient permitted under IFRS 15 not to disclose the transaction price allocated to the unsatisfied performance obligations.

The Group's customer base is diversified, where there was no customer with whom transactions have exceeded 10% of the Group's revenue in each of the year during the Track Record Period.

(b) Geographic information

The Group's revenue is substantially generated from value-added services in the PRC during the Track Record Period. As at the end of each reporting period, the Group's non-current assets are mainly situated in the PRC.

(c) Segment reporting

The Group manages its businesses as a whole by the chief operating decision maker for the purposes of resource allocation and performance assessment. The Group has one operating segment, which is the provision of value-added services. The Group's chief operating decision maker is the senior executive managements of the Group who review the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

5 EXPENSES BY NATURE

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue sharing fees		496,175	1,155,090	1,844,277
Advertising and promotion expenses		285,731	638,151	937,645
Staff costs	*7*	125,122	178,237	317,062
Technology service fees		51,702	67,277	89,408
Payment processing fees		17,968	49,796	72,869
Professional service fees		2,319	14,209	34,778
Outsourcing labour cost		9,345	12,171	14,315
Depreciation and amortisation		1,896	2,968	6,312
Rental related expenses		2,225	141	359
Auditor's remuneration		68	75	85
Others	*(i)*	18,059	28,844	54,310
		1,010,610	2,146,959	3,371,420

Note:

(i) Others mainly include office expenses, travelling and business development expenses, copyright-related expenses, taxes and surcharges and product research expenses.

6 OTHER INCOME, NET

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Interest income		9,409	13,954	10,403
Value-added tax additional deduction		2,423	492	–
Investment income from financial assets measured at FVTPL		1,198	1,763	1,867
Fair value change in financial assets measured at FVTPL	*22(e)*	8	67	204
Net foreign exchange loss and transaction fees		(1,729)	(1,995)	(5,041)
Others		(569)	173	(846)
		10,740	14,454	6,587

7 STAFF COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages, bonuses and other benefits	106,054	153,029	259,054
Contributions to defined contribution retirement schemes	10,841	13,753	17,893
Share-based payment expenses *(Note 19)*	4,538	8,687	36,742
Termination benefits	3,689	2,768	3,373
	125,122	178,237	317,062

The employees of the Group in Chinese Mainland participate in defined contribution retirement schemes managed by the local government authorities, whereby the Group is required to contribute to the schemes based on certain percentages of the employees' salaries.

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

8 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:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	–	5,837	112,834
Deferred tax			
Origination and reversal of temporary differences	(4,104)	30,308	36,759
Effect of deferred tax balance at 1 January resulting from a change in tax rate *(Note 8(b))*	–	–	29,737
	(4,104)	36,145	179,330

(b) Reconciliation between income tax (credit)/expenses and accounting (loss)/profit at applicable tax rates:

		Year ended 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before taxation		(20,910)	181,770	698,471
Tax at the PRC statutory tax rate of 25%	*(i)*	(5,228)	45,443	174,618
Effect of different tax rates in other jurisdictions and preferential tax rates	*(ii)*	5,319	(7,350)	(48,998)
Tax effect of non-deductible expenses		1,929	2,994	11,279
Effect of non-taxable income		(588)	(966)	(395)
Effect of additional deduction on research and development expenses and others	*(iii)*	(7,692)	(11,122)	(15,272)
Effect of deferred tax balance at 1 January resulting from a change in tax rate		–	–	29,737

		Year ended 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised, net of utilisation		2,156	7,146	6,397
Withholding tax	*(iv)*	–	–	21,964
Tax (credit)/expenses		(4,104)	36,145	179,330

Notes:

(i) The Group's subsidiaries established in the Chinese Mainland are subject to PRC Corporate Income Tax rate of 25%.

(ii) Pursuant to the current rules and regulations of the Cayman Islands, the Company is not subject to income tax in Cayman Islands.

Entity incorporated in Hong Kong is subject to Hong Kong Profits Tax under the two-tiered profits tax regime, which the tax rate is 8.25% for assessable profits in the first HK$2 million and 16.5% for any assessable profits in excess. No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which were subject to Hong Kong Profits Tax during the Track Record Period.

Beijing Milian was designated as a "High and New Technology Enterprise" under the relevant PRC laws and regulations entitle to income tax rate of 15% to the years from 2023 to 2024.

Beijing Linke was designated as a "High and New Technology Enterprise" under the relevant PRC laws and regulations entitle to income tax rate of 15% to the years from 2025 to 2027.

(iii) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law.

(iv) According to the PRC Income Tax Law and its implementation rules, dividends receivable by non-PRC resident investors from PRC entities are subject to withholding tax at 10%.

(c) Pillar Two income taxes:

The Group operates in multiple tax jurisdictions which will enact tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The directors of the Company concluded Pillar Two income taxes do not have a significant impact on the Group during the Track Record Period.

9 DIRECTORS' EMOLUMENTS

Details of the emoluments of the directors during the Track Record Period are as follows:

	Year ended 31 December 2023				
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman/Chief Executive Officer					
Mr. Ren Zhe	–	934	245	67	1,246
Executive director					
Mr. Zhu Xiaopu	–	932	245	67	1,244
Non-executive directors					
Mr. Zhu Tianyu	–	–	–	–	–
Mr. Hu Boyu	–	–	–	–	–
Mr. Yuan Yu	–	–	–	–	–
Mr. Jiang Wen	–	–	–	–	–
	–	1,866	490	134	2,490

	Year ended 31 December 2024				
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman/Chief Executive Officer					
Mr. Ren Zhe	–	1,906	4,429	83	6,418
Executive director					
Mr. Zhu Xiaopu	–	1,807	4,454	83	6,344
Non-executive directors					
Mr. Zhu Tianyu	–	–	–	–	–
Mr. Hu Boyu	–	–	–	–	–
Mr. Yuan Yu	–	–	–	–	–
Mr. Jiang Wen	–	–	–	–	–
	–	3,713	8,883	166	12,762

		Year ended 31 December 2025					
	Note	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman/Chief Executive Officer							
Mr. Ren Zhe		–	4,730	17,190	85	–	22,005
Executive directors							
Mr. Zhu Xiaopu		–	4,827	17,219	85	–	22,131
Mr. Gong Jianbo	*(i)*	–	1,094	1,500	23	4,254	6,871
Mr. Liu Xi	*(i)*	–	536	1,040	23	297	1,896
Non-executive directors							
Mr. Zhu Tianyu	*(ii)*	–	–	–	–	–	–
Mr. Hu Boyu	*(ii)*	–	–	–	–	–	–
Mr. Yuan Yu	*(ii)*	–	–	–	–	–	–
Mr. Jiang Wen	*(iii)*	–	–	–	–	–	–
Ms. Feng Xiaoshi	*(iv)*	–	–	–	–	–	–
		–	11,187	36,949	216	4,551	52,903

Notes:

(i) On 29 August 2025, Mr. Gong Jianbo and Mr. Liu Xi were appointed as executive directors of the Company.

(ii) On 29 August 2025, Mr. Zhu Tianyu, Mr. Hu Boyu, Mr. Yuan Yu resigned from their positions as non-executive directors of the Company.

(iii) On 16 May 2025, Mr. Jiang Wen resigned from his positions as a non-executive director of the Company.

(iv) On 16 May 2025, Ms. Feng Xiaoshi was appointed as a non-executive director of the Company.

(v) Ms. Jiao Jie, Mr. Hong Weili and Mr. Yu Gengliang were appointed as independent non-executive directors of the Company, effective from the date of the proposed [**REDACTED**].

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended 31 December 2023, 2024 and 2025 are set forth below:

	Year ended 31 December		
	2023	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*
Directors	2	2	3
Non-directors	3	3	2
	5	5	5

The emoluments of the directors are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,740	2,268	2,830
Discretionary bonuses	1,214	1,009	2,116
Retirement scheme contributions	170	199	153
Share-based payments	2,109	4,079	5,060
	5,233	7,555	10,159

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

	Year ended 31 December		
	2023	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$1,000,001 – HK$1,500,000	1	–	–
HK$1,500,001 – HK$2,000,000	1	1	–
HK$2,000,001 – HK$2,500,000	–	1	–
HK$2,500,001 – HK$3,000,000	1	–	–
HK$3,500,001 – HK$4,000,000	–	1	–
HK$5,000,001 – HK$5,500,000	–	–	1
HK$5,500,001 – HK$6,000,000	–	–	1
	3	3	2

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the years.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year attributable to ordinary equity shareholders of the Company	(16,806)	145,625	519,141

The weighted average number of ordinary shares throughout the years presented has been adjusted retrospectively for the effects of the share subdivision in August 2025 as disclosed in Note 21(c), calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December		
	2023	2024	2025
	No. of '000 shares	*No. of '000 shares*	*No. of '000 shares*
Ordinary shares in issue at 1 January	65,277	65,277	65,277
Effect of share subdivision *(Note 21(c))*	587,489	587,489	587,489
Effect of ordinary shares issued *(Note 21(c))*	–	–	34,791
Effect of shares held for the employee incentive scheme *(Note 19)*	–	–	(34,791)
Weighted average number of ordinary shares at 31 December	652,766	652,766	652,766

(b) Diluted (loss)/earnings per share

For the years ended 31 December 2024 and 2025, the calculation of diluted earnings per share is based on the following profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders of the Company	145,625	519,141
Effect of changes in carrying amount of convertible redeemable preferred shares (Note 18)	58,136	58,200
Profit attributable to ordinary equity shareholders of the Company (diluted)	203,761	577,341

(ii) Weighted average number of ordinary shares (diluted)

	Year ended 31 December	
	2024	2025
	No. of '000 shares	*No. of '000 shares*
Weighted average number of ordinary shares at 31 December	652,766	652,766
Effect of conversion of convertible redeemable preferred shares (Note 18), after adjusting for share subdivision (Note 21(c))	462,175	440,246
Weighted average number of ordinary shares at 31 December (diluted)	1,114,941	1,093,012

Share options (Note 19) were not included in the calculation of diluted earnings per share for the years ended 31 December 2024 and 2025 as their inclusion would have been anti-dilutive.

For the year ended 31 December 2023, convertible redeemable preferred shares (Note 18) and share options (Note 19) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2023 was the same as basic loss per share for the year.

12 LEASES

(a) Right-of-use assets

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	1,693	2,159	4,430
Depreciation	(1,639)	(2,294)	(4,207)
Additions	3,167	4,565	7,700
Derecognition	(1,062)	–	–
Balance at 31 December	2,159	4,430	7,923

The right-of-use assets represent properties leased for own use.

The analysis of the Group's expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	1,639	2,294	4,207
Interest expense (included in finance cost)	67	100	173
Expense relating to short-term and low-value leases	2,225	141	359
	3,931	2,535	4,739

(b) Lease liabilities

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,377	2,729	4,302
After 1 year but within 2 years	847	1,258	2,635
After 2 years but within 5 years	–	386	936
	2,224	4,373	7,873

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows are set out in Notes 15(e) and 22(b), respectively.

13 TRADE RECEIVABLES

		At 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Receivables from third-party payment platforms	*(i)*	10,894	18,200	33,066
Others		128	86	–
		11,022	18,286	33,066

All of the trade receivables are within one year and are expected to be recovered within one year.

Note:

(i) Receivables from third-party payment platforms are mainly the customer payment to the Group through the third-party payment platforms.

14 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	Note	At 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Prepayments	(i)	10,928	17,079	14,302
Employee advances	(ii)	–	–	13,325
Deductible input value-added tax		1,775	2,441	2,478
Current tax recoverable		–	–	1,093
Deposits		1,177	2,414	6,882
Deferred [**REDACTED**]		–	–	2,380
Amounts due from the controlling shareholders		46	47	–
Others		535	1,273	5,989
		14,461	23,254	46,449

Note:

(i) Prepayments mainly include prepaid advertising and technology service expenses.

(ii) Employee advances represent eight-month advances provided to employees for their personal use. As at 31 December 2025, the balances are unsecured and interest-bearing at 1% per annum.

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

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise

The Group

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	390,336	650,164	1,381,062
Less: restricted cash	–	(106)	(1,945)
	390,336	650,058	1,379,117

The Company

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	116	4,007	176

(b) Term deposits with banks

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Term deposits:			
– Current	–	–	45,867
– Non-current	10,052	10,347	–
	10,052	10,347	45,867

(c) Reconciliation of (loss)/profit before taxation to cash generated from operations

		Year ended 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before taxation		(20,910)	181,770	698,471
Adjustments for:				
Changes in the carrying amount of convertible redeemable preferred shares	*18*	54,807	58,136	58,200
Equity-settled share-based payment expenses	*7*	4,538	8,687	36,742
Finance costs		67	100	173
Interest income		(54)	(3,222)	(376)
Investment income from financial assets measured at FVTPL	*6*	(1,198)	(1,763)	(1,867)
Depreciation and amortisation	*5*	1,896	2,968	6,312
Loss on disposal of non-current assets		175	21	–
Fair value change on financial assets measured at FVTPL	*22(e)*	(8)	(67)	(204)
Impairment loss on other receivables		629	–	–
Changes in working capital:				
Restricted bank deposits		–	(106)	(1,839)
Trade receivables		(9,470)	(7,264)	(14,780)
Prepayments and other receivables		7,790	(8,793)	(6,397)
Trade and other payables		24,237	90,660	144,028
Contract liabilities		12,624	22,115	8,093
Cash generated from operations		75,123	343,242	926,556

(d) Reconciliation of liabilities arising from financing activities

The table below details 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 cash flow statements as cash flows from financing activities.

	Convertible redeemable preferred shares	Lease liabilities	Total
	RMB'000 *(Note 18)*	*RMB'000* *(Note 12)*	*RMB'000*
At 1 January 2023	677,103	1,774	678,877
Changes from financing cash flows:			
Capital element of lease liabilities	–	(1,530)	(1,530)
Interest element of lease liabilities	–	(67)	(67)
Total changes from financing cash flows	–	(1,597)	(1,597)
Other changes:			
Changes in the carrying amount of convertible redeemable preferred shares	54,807	–	54,807
Increase in lease liabilities from entering into new leases during the year	–	3,167	3,167
Early termination of leases	–	(1,187)	(1,187)
Interest expenses	–	67	67
Exchange adjustments	11,761	–	11,761
Total other changes	66,568	2,047	68,615
At 31 December 2023	743,671	2,224	745,895

	Trade and other payables	Convertible redeemable preferred shares	Lease liabilities	Total
	RMB'000	*RMB'000* *(Note 18)*	*RMB'000* *(Note 12)*	*RMB'000*
At 1 January 2024	–	743,671	2,224	745,895
Changes from financing cash flows:				
Repurchase of convertible redeemable preferred shares	–	(65,605)	–	(65,605)
Capital element of lease liabilities	–	–	(2,416)	(2,416)
Interest element of lease liabilities	–	–	(100)	(100)
Total changes from financing cash flows	–	(65,605)	(2,516)	(68,121)
Other changes:				
Changes in the carrying amount of convertible redeemable preferred shares	–	58,136	–	58,136
Increase in trade and other payables	10,319	(10,319)	–	–
Increase in lease liabilities from entering into new leases during the year	–	–	4,565	4,565
Interest expenses	–	–	100	100
Exchange adjustments	–	9,781	–	9,781
Total other changes	10,319	57,598	4,665	72,582
At 31 December 2024	10,319	735,664	4,373	750,356

	Trade and other payables	Convertible redeemable preferred shares	Lease liabilities	Total
	RMB'000	*RMB'000* *(Note 18)*	*RMB'000* *(Note 12)*	*RMB'000*
At 1 January 2025	10,319	735,664	4,373	750,356
Changes from financing cash flows:				
Repurchase of convertible redeemable preferred shares	(10,319)	–	–	(10,319)
Capital element of lease liabilities	–	–	(4,200)	(4,200)
Interest element of lease liabilities	–	–	(173)	(173)
Total changes from financing cash flows	(10,319)	–	(4,373)	(14,692)
Other changes:				
Changes in the carrying amount of convertible redeemable preferred shares	–	58,200	–	58,200
Increase in lease liabilities from entering into new leases during the year	–	–	7,700	7,700
Interest expenses	–	–	173	173
Exchange adjustments	–	(16,987)	–	(16,987)
Total other changes	–	41,213	7,873	49,086
At 31 December 2025	–	776,877	7,873	784,750

(e) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	(2,225)	(141)	(359)
Within financing cash flows	(1,597)	(2,516)	(4,373)
Total lease rentals paid	(3,822)	(2,657)	(4,732)

16 TRADE AND OTHER PAYABLES

The Group

		At 31 December		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables		50,512	96,697	188,670
Salary and welfare payables		20,413	30,878	54,332
Taxes payable	*(i)*	7,027	46,288	67,433
Payable for repurchase of preferred shares	*(i)*	–	3,827	–
Others	*(ii)*	789	2,030	2,994
		78,741	179,720	313,429

The Company

	Note	At 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Taxes payable	(i)	–	6,492	–
Payable for repurchase of preferred shares	(i)	–	3,827	–
Amounts due to subsidiaries	(iii)	–	–	6,680
		–	10,319	6,680

Notes:

(i) Taxes payable comprises value-added tax payable and income taxes withheld on behalf of the Company's shareholders in relation to the repurchase of certain preferred shares by the Company. Further details regarding the repurchase of preferred shares are provided in Note 18.

(ii) Others mainly included advances received, payables for legal and professional fees and other accrued expenses.

(iii) As at 31 December 2025, the balances are unsecured, non-interest-bearing and repayable on demand.

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

As of the end of each reporting period, the ageing analysis of trade payables, based on the date of purchase, is as follows:

	At 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 3 months	49,957	96,148	187,595
Over 3 months but within 1 year	519	364	1,049
Over 1 year	36	185	26
	50,512	96,697	188,670

17 CONTRACT LIABILITIES

Contract liabilities primarily represent the balance of user coins and virtual items not yet consumed, and unamortised membership subscription fee received. Most of the balance of contract liabilities as at 1 January 2023, 2024 and 2025 were recognised as revenue to the customers within one year.

18 CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Group has completed several rounds of financing by issuing several series of preferred shares (the "Preferred Shares"), including Series A, Series A+, Series Pre-B, and Series B Preferred Shares to investors.

The key terms of the Preferred Shares are summarised as follows:

Redemption feature

The Company is obliged to redeem all or part of the outstanding issued convertible redeemable preferred shares, at any time after the occurrence of certain specified contingent redemption events including but not limited to the Company's failures to complete a qualified [**REDACTED**] prior to a specified date. The redemption price shall be equivalent to the applicable Preferred Shares issue price plus any accrued compound interest of 8% per annum and accrued but unpaid dividends.

Conversion feature

Each Preferred Share may, at the option of the holders, be converted at any time after the date of issuance of such preferred shares, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares as based on the then-effective applicable conversion price.

Each Preferred Share shall automatically be converted, based on the then-effective applicable conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of the qualified [**REDACTED**], or (ii) the date specified by written consent or agreement of the majority holders of Preferred Shares.

The conversion price shall initially be the applicable issue price, and shall be adjusted from time to time, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment when some events occur, including but not limited to the share split and combinations, ordinary shareholders' dividends and issuance of [**REDACTED**] at a price lower than the previous issue prices.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and fund of the Company legally available for distribution shareholders (after satisfaction of all creditors' claims and claims that may be preferred by applicable law) shall be distributed to the shareholders in the following order:

(i) For each Series B/Pre-B/A+/A shareholder, shall be entitled to receive the amount equal to 100% of the applicable issue price, plus all declared but unpaid dividends on such Preferred Shares.

(ii) If there are any assets or funds remaining after the aggregate amount has been distributed or paid-in full to the applicable holders of the Preferred Shares, the remaining assets and funds of the Company available for distribution shall be distributed on a pari passu, pro rata basis among all shareholders according to the relative number of ordinary shares held by such shareholder on an as-converted basis.

In August and December 2024, the Company repurchased 2,922,088 shares of Series B Preferred Shares and 244,898 shares of Series Pre-B Preferred Shares in proportion for cash consideration amounts of USD10,289,000 and USD532,000 (of which USD532,000 was outstanding as of 31 December 2024), respectively. The repurchase price was calculated based on the issue price plus accrued compound interest of 8% per annum.

The movements of the convertible redeemable preferred shares are set out as below:

The Group and the Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	677,103	743,671	735,664
Changes in the carrying amount	54,807	58,136	58,200
Repurchase of convertible redeemable preferred shares	–	(75,924)	–
Foreign currency translation adjustment	11,761	9,781	(16,987)
At 31 December	743,671	735,664	776,877

19 SHARE-BASED PAYMENT

On 23 September 2019, the Board of Directors of the Company approved and adopted the 2019 Employee Share Option Plan (the "2019 Plan"), under which the Company reserves 126,720,000 ordinary shares (taking into effect of the share subdivision on a one-on-ten basis) of the Company to motivate employees of the Group.

Under the 2019 Plan, the share options granted to participants were generally subject to a four-year service schedule, under which 25% of share options shall vest on each anniversary date since the second anniversary of the grant date. All the share options, vested and unvested, granted to an employee shall be forfeited if employee terminated his employment with the Company before the share options are exercisable. The share options may not be exercised until all the options granted to an individual employee were vested. In addition, 60% of the vested options can be exercised upon the Company's qualified [**REDACTED**] and the remaining 40% of the vested options can be exercised after the first anniversary of the Company's qualified [**REDACTED**]. Each share option gives the holder the right to subscribe for one ordinary share in the Company. The options have a contractual term of ten years. None of the share options were exercisable during the Track Record Period.

On 24 September 2025, the Company entered into a Notice of Share Option Vesting Acceleration with those grantees who had been granted more than 1,000,000 Shares underlying the options (taking into effect of the share subdivision on a one-on-ten basis). Pursuant to the notice, 100% of those grantees' unvested options will vest upon [**REDACTED**] and have a 180-day lock-up period after [**REDACTED**], while all other major terms and conditions remain unchanged.

(a) The number and weighted average exercise prices of share options are as follows:

The number of options and weighted average exercise price presented below have been adjusted retrospectively for the effects of the share subdivision in August 2025 as disclosed in Note 21(c).

	Number of options	Weighted average exercise price	Weighted average remaining contractual term
		US$	*Year*
Outstanding at 1 January 2023	79,340,000	0.00001	7.06
Forfeited during the year	(4,940,000)	0.00001	
Granted during the year	12,690,000	0.05359	
Outstanding at 31 December 2023	87,090,000	0.00782	6.53
Forfeited during the year	(1,840,000)	0.00001	
Granted during the year	7,410,000	0.00001	
Outstanding at 31 December 2024	92,660,000	0.00735	5.81
Forfeited during the year	(2,200,000)	0.00001	
Granted during the year	34,010,000	0.00001	
Outstanding at 31 December 2025	124,470,000	0.00547	6.01

(b) **Fair value of share options and assumptions**

The fair value of share options was estimated using the binomial option-pricing model. The determination of estimated fair value of share options on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables.

Key assumptions for share-based payment are set as below. The fair value of ordinary shares presented below has been adjusted retrospectively for the effects of the share subdivision in August 2025 as disclosed in Note 21(c).

	Year ended 31 December		
	2023	2024	2025
Fair value of ordinary shares (taking into effect of the share subdivision on a one-on-ten basis) (USD)	0.11 ~ 0.19	0.19 ~ 0.32	0.32 ~ 0.55
Expected volatility	61.69%~65.62%	59.51%~61.71%	59.12%~61.53%
Exercise multiple	2.20~2.80	2.20~2.80	2.20~2.80
Expected dividend yield	0%	0%	0%
Risk-free interest rate	3.81%~3.88%	3.88%~4.58%	3.80%~4.58%

The expected volatility was estimated based on the historical volatility of the Company's comparable peer public companies with a time horizon close to the expected term of the Company's options. The risk-free interest rate was estimated based on the yield to maturity of U.S. treasury bonds denominated in USD for a term consistent with the expected term of the Company's options in effect at the option valuation date.

20 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current tax in the consolidated statements of financial position:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	5,836
Provision for the year *(Note 8(a))*	–	5,837	112,834
Income tax paid	–	(1)	(84,457)
At the end of the year	–	5,836	34,213
Reconciliation to the consolidated statements of financial position			
Current tax payable	–	5,836	35,306
Prepayments and other receivables – current tax recoverable	–	–	(1,093)
	–	5,836	34,213

(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:

Deferred tax arising from:	Tax losses	Right-of-use assets	Lease liabilities	Credit loss allowance	Accrued expenses and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	100,868	(59)	60	–	(121)	100,748
Credited/(charged) to profit or loss	3,984	(335)	347	127	(19)	4,104
At 31 December 2023 and 1 January 2024	104,852	(394)	407	127	(140)	104,852
(Charged)/credited to profit or loss	(27,803)	126	(137)	–	(2,494)	(30,308)
At 31 December 2024 and 1 January 2025	77,049	(268)	270	127	(2,634)	74,544
Effect of deferred tax balance resulting from a change in tax rate *(Note 8(a))*	(28,788)	27	(25)	(3)	(948)	(29,737)
(Charged)/credited to profit or loss	(38,377)	(174)	174	–	1,618	(36,759)
At 31 December 2025	9,884	(415)	419	124	(1,964)	8,048

(ii) Reconciliation to the consolidated statements of financial position

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets in the consolidated statements of financial position	104,852	74,544	10,012
Deferred tax liabilities in the consolidated statements of financial position	–	–	(1,964)
	104,852	74,544	8,048

(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 for tax losses and deductible temporary differences if it is not probable that future taxable profits will be available in the relevant tax jurisdiction and entity against which they can be used.

The tax losses which no deferred tax assets were recognised will expire in years as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2025	11	11	–
2026	340	118	–
2027	12,837	12,754	–
2028	5,226	5,226	196
2029	–	33,930	466
2030	–	–	7,284
2031 and thereafter and tax losses that will not expire	21,064	53,223	147,210
	39,478	105,262	155,156

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

The Company:

	Share capital	Shares held for the employee incentive scheme	Share-based payments reserve	Exchange reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	44	–	11,259	(5,580)	(180,492)	(174,769)
Changes in equity for 2023:						
Loss for the year	–	–	–	–	(54,838)	(54,838)
Other comprehensive income	–	–	–	(3,637)	–	(3,637)
Share-based payment expenses	–	–	4,538	–	–	4,538

	Share capital	Shares held for the employee incentive scheme	Share-based payments reserve	Exchange reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 31 December 2023 and 1 January 2024	44	–	15,797	(9,217)	(235,330)	(228,706)
Changes in equity for 2024:						
Loss for the year	–	–	–	–	(75,987)	(75,987)
Other comprehensive income	–	–	–	(4,244)	–	(4,244)
Share-based payment expenses	–	–	8,687	–	–	8,687
Balance at 31 December 2024 and 1 January 2025	44	–	24,484	(13,461)	(311,317)	(300,250)
Changes in equity for 2025:						
Loss for the year	–	–	–	–	(60,015)	(60,015)
Other comprehensive income	–	–	–	7,246	–	7,246
Shares issued and held for the employee incentive scheme	7	(7)	–	–	–	–
Share-based payment expenses	–	–	36,742	–	–	36,742
Balance at 31 December 2025	51	(7)	61,226	(6,215)	(371,332)	(316,277)

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the Track Record Period.

(c) Share capital and shares held for the employee incentive scheme

The Company was incorporated in the Cayman Islands on 2 April 2019 with an initial authorised share capital of USD50,000 divided into 500,000,000 shares with a par value of USD0.0001 each.

	Number of shares	Share capital
	No. of '000 shares	*RMB'000*
Ordinary shares issued:		
At 1 January 2023, 31 December 2023 and 2024	65,277	44
Effect of share subdivision	587,489	–
Shares issued and held for the employee incentive scheme	101,590	7
At 31 December 2025	754,356	51

Pursuant to the shareholders' resolution approved on 29 August 2025, the Company underwent a subdivision of shares whereby each issued and unissued share of par value of USD0.0001 each was subdivided into 10 shares of USD0.00001 each, following which the authorised share capital of the Company will be USD50,000 divided into 5,000,000,000 shares (the "share subdivision").

Pursuant to the written resolution approved by the board of directors of the Company on 29 August 2025, the Company were authorised to issue a total of 101,590,000 ordinary shares (after the share subdivision) to employee incentive scheme.

In connection with the 2019 Plan, Bloomark Holdings Limited, Nova Horizon Holding Limited and Everest Partners Holding Limited ("Trusts") were established as the employee incentive vehicles to hold the shares of the Company. The eligible employees under the 2019 Plan would be granted options which give the holder the right to subscribe for the shares of the Company at the pre-determined exercise price. As the Company has the right to direct the relevant activities of Trusts so as to suit the Company's obligations in relation to the 2019 Plan, Trusts are treated as the subsidiaries of the Company.

Accordingly, the ordinary shares of the Company held by the Trusts are recorded under the Shares held for the employee incentive scheme of the Group until the share options are exercised.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents capital injection to Beijing Milian made by its registered shareholders.

(ii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(o)(ii).

(iii) Statutory surplus reserve

For the purposes of the consolidated financial statements, the statutory surplus reserve represented the statutory surplus reserve of all PRC entities comprising the Group.

Statutory surplus reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and foreign operations that have a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2(s).

(e) 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.

22 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. Trade receivables mainly included receivable from third-party payment platforms, which represented amounts due from reputable online payment platforms with no past due history. The Group's exposure to credit risk arising from cash and cash equivalents, bank deposits, financial assets measured at FVTPL and trade receivables is limited because the counterparties are mainly financial institutions and payment platforms with good credit standing, for which the Group considers to have low credit risk. Other receivables have a relatively low balance, resulting in relatively low credit risk. Management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. Management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is low.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and cash equivalents and retains adequate financing arrangements with investors to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative 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 each reporting period) and the earliest date the Group can be required to pay:

	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	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	51,301	–	–	–	51,301	51,301
Convertible redeemable preferred	743,671	–	–	–	743,671	743,671
Lease liabilities	1,403	888	–	–	2,291	2,224
	796,375	888	–	–	797,263	797,196

	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	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	102,554	–	–	–	102,554	102,554
Convertible redeemable preferred shares	735,664	–	–	–	735,664	735,664
Lease liabilities	2,771	1,298	433	–	4,502	4,373
	840,989	1,298	433	–	842,720	842,591

	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	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	191,664	–	–	–	191,664	191,664
Convertible redeemable preferred shares	776,877	–	–	–	776,877	776,877
Lease liabilities	4,404	2,772	1,057	–	8,233	7,873
	972,945	2,772	1,057	–	976,774	976,414

(c) 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 is primarily exposed to fair value interest rate risk in relation to lease liabilities, convertible redeemable preferred shares, fixed-rate term deposits and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the interest rates of the Group's bank deposits are relatively stable.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

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.

The financial assets measured at FVTPL represent the structured deposits without guaranteed returns purchased from major and reputable commercial banks in 2023, 2024 and 2025. The fair values are based on cash flow discounted using the expected return provided by the counterparty commercial banks as at 31

December 2023, 2024 and 2025, respectively, where the significant unobservable input is the expected return. The fair value measurement is positively correlated to the expected return. Any reasonably possible change in the significant unobservable input would not have material impact on the fair value of financial assets measured at FVTPL.

As at 31 December 2023, 2024 and 2025, if expected return was higher/lower by 0.5%, fair value of financial assets at FVTPL would have been approximately RMB3,000, RMB17,000 and RMB72,000 higher/lower respectively.

The movements during the Track Record Period in the balance of these Level 3 fair value measurements are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	10,008	30,067
Additions	675,000	1,045,900	990,000
Disposals	(665,000)	(1,025,908)	(950,067)
Changes in fair value	8	67	204
At the end of the year	10,008	30,067	70,204

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into nor out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as of the end of the Track Record Period in which they occur.

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

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

23 MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions were carried out between the Group and its related parties during the periods presented.

(a) Names and relationships of related parties

The following are related parties that had balances with the Group during the Track Record Period.

Name of the parties	Relationship
Mr. Liu Xi	Executive director
Mr. Gong Jianbo	Executive director
Mr. Chen Jianzhi	Chief financial officer

(b) Material balances/transaction with related parties

During the year ended 31 December 2025, employee advances of RMB11.4 million were granted to certain executive directors and other key management personnel of the Group for their personal use. The balances are unsecured, interest-bearing at 1% per annum and due in eight months. The non-trade balances due from employee will be settled before the [**REDACTED**] of the Company.

(c) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages, bonuses and other benefits	5,264	15,706	51,922
Share-based payment expenses	1,369	3,330	17,822
Contributions to defined contribution retirement schemes	304	367	391
	6,937	19,403	70,135

Total remuneration is included in "staff costs" (see Note 7).

24 SUBSEQUENT EVENTS

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

25 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As of the date of this report, the directors consider the immediate parent of the Group to be Mee Group Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Ren Zhe. Mr. Ren Zhe is considered as the ultimate controlling party of the Group.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2025 and which have not been adopted in these financial statements. These developments include the followings:

	Effective for accounting periods beginning on or after
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, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	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 is 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 1 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 and other comprehensive income, 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.

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.

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.