The following is the text of a report set out on pages I-[1] to I-[82], 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 SHANGHAI INNOVATECH INFORMATION TECHNOLOGY CO., LTD. 上海易景信息科技股份有限公司, CMB INTERNATIONAL CAPITAL LIMITED AND BOCOM INTERNATIONAL (ASIA) LIMITED

Introduction

We report on the historical financial information of Shanghai Innovatech Information Technology Co., Ltd. 上海易景信息科技股份有限公司 (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[4] to I-[82], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[4] to I-[82] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the **[REDACTED]** of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 ("**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 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-4 have been made.

Dividends

We refer to Note 30(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants

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10 Chater Road
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)

	Note	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	2,225,241	3,508,457	3,219,341
Cost of sales		(2,003,894)	(3,269,502)	(2,914,740)
Gross profit		221,347	238,955	304,601
Other net income	*5*	8,339	35,109	22,550
Selling and marketing expenses		(3,309)	(6,077)	(8,568)
Administrative expenses		(91,274)	(111,684)	(135,960)
Research and development costs		(68,887)	(73,245)	(99,845)
Reversal of/(provision for) impairment loss on trade receivables		2,916	(5,739)	(679)
Profit from operations		69,132	77,319	82,099
Finance costs	*6(a)*	(5,505)	(10,387)	(12,115)
Share of losses of joint venture	*29*	(2,330)	(193)	–
Profit before taxation	*6*	61,297	66,739	69,984
Income tax (expense)/benefit	*7*	(5,139)	(4,663)	233
Profit for the year		56,158	62,076	70,217
Attributable to:				
Equity shareholders of the Company		56,158	61,112	69,168
Non-controlling interests		–	964	1,049
Profit for the year		56,158	62,076	70,217
Earnings per share *(RMB)*				
Basic *(RMB)*	*10*	5.62	6.11	6.92
Diluted *(RMB)*		5.07	5.51	6.24

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Profit for the year		56,158	62,076	70,217
Other comprehensive income for the year (after tax and reclassification adjustments)				
Item that will not be reclassified to profit or loss:				
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		429	(1,229)	602
Item that are or may be reclassified subsequently to profit or loss:				
Exchanges differences on translation of financial statements of overseas subsidiaries		(7)	155	(568)
Other comprehensive income for the year		422	(1,074)	34
Total comprehensive income for the year		56,580	61,002	70,251
Attributable to:				
Equity shareholders of the Company		56,580	60,038	69,202
Non-controlling interests		–	964	1,049
Total comprehensive income for the year		56,580	61,002	70,251

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	41,886	86,215	72,875
Right-of-use assets	*12*	26,887	23,817	18,770
Intangible assets	*13*	871	2,889	2,962
Interest in joint venture	*29*	–	–	–
Equity securities designated at fair value through other comprehensive income ("**FVOCI**")	*16*	1,429	1,200	4,802
Deferred tax assets	*17(b)*	6,399	12,085	20,009
Other non-current assets	*14*	6,491	9,704	6,119
		83,963	135,910	125,537
Current assets				
Inventories	*18*	109,170	452,195	365,654
Trade and other receivables	*19*	222,472	1,599,265	672,296
Financial assets measured at fair value through profit or loss ("**FVPL**")	*20*	–	–	40,036
Restricted bank deposits	*21*	3,000	4,000	–
Cash and cash equivalents	*22(a)*	47,361	7,802	16,929
		382,003	2,063,262	1,094,915
Current liabilities				
Loans and borrowings	*25*	60,284	272,263	353,725
Trade and other payables	*23*	256,181	1,708,780	579,710
Contract liabilities	*24*	40,737	18,854	33,954
Lease liabilities	*26*	3,762	4,710	3,466
Financial instruments issued to investors	*27*	–	10,054	10,289
Current taxation	*17(a)*	6,061	14,560	18,974
		367,025	2,029,221	1,000,118
Net current assets		14,978	34,041	94,797
Total assets less current liabilities		98,941	169,951	220,334

		At 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Loans and borrowings	*25*	–	15,382	976
Lease liabilities	*26*	12,248	8,698	5,234
Deferred tax liabilities	*17(b)*	66	42	44
		12,314	24,122	6,254
NET ASSETS		86,627	145,829	214,080
Capital and reserves				
Paid-in capital/Share capital	*30*	10,000	10,000	10,000
Reserves	*30*	76,627	132,511	199,713
Total equity attributable to equity shareholders of the Company		86,627	142,511	209,713
Non-controlling interests		–	3,318	4,367
TOTAL EQUITY		86,627	145,829	214,080

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		1,478	5,210	4,751
Right-of-use assets	*12*	12,889	10,175	7,461
Intangible assets		157	348	792
Interest in joint venture	*29*	–	–	–
Investments in subsidiaries	*15*	56,206	64,206	64,660
Equity securities designated at FVOCI		1,429	1,200	4,802
Deferred tax assets		–	43	40
Other non-current assets		1,232	515	312
		73,391	81,697	82,818
Current assets				
Inventories		13,119	18,824	106,609
Trade and other receivables	*19*	98,970	171,590	451,660
Restricted bank deposits		3,000	4,000	–
Cash and cash equivalents		42,152	1,327	1,115
		157,241	195,741	559,384
Current liabilities				
Loans and borrowings	*25*	29,000	107,762	217,071
Trade and other payables	*23*	147,364	100,678	334,609
Contract liabilities		4,039	6,448	15,479
Lease liabilities	*26*	2,517	2,622	2,732
Current taxation		–	609	339
		182,920	218,119	570,230
Net current liabilities		(25,679)	(22,378)	(10,846)
Total assets less current liabilities		47,712	59,319	71,972
Non-current liabilities				
Lease liabilities	*26*	10,415	7,793	5,061
Deferred tax liabilities		20	–	–
		10,435	7,793	5,061
NET ASSETS		37,277	51,526	66,911
Capital and reserves				
Paid-in capital/Share capital	*30*	10,000	10,000	10,000
Reserves	*30*	27,277	41,526	56,911
TOTAL EQUITY		37,277	51,526	66,911

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital	Paid-in capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Fair value reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		–	10,000	–	1,382	2,150	(1,499)	–	–	18,014	30,047	–	30,047
Profit for the year		–	–	–	–	–	–	–	–	56,158	56,158	–	56,158
Other comprehensive income		–	–	–	–	–	(7)	429	–	–	422	–	422
Appropriation to statutory reserves		–	–	–	–	942	–	–	–	(942)	–	–	–
Balance at 31 December 2023		–	10,000	–	1,382	3,092	(1,506)	429	–	73,230	86,627	–	86,627
Profit for the year		–	–	–	–	–	–	–	–	61,112	61,112	964	62,076
Other comprehensive income		–	–	–	–	–	155	(1,229)	–	–	(1,074)	–	(1,074)
Capital injections from investors/ shareholders	*30(d)*	–	–	–	7,636	–	–	–	–	–	7,636	2,354	9,990
Appropriation to statutory reserves		–	–	–	–	1,728	–	–	–	(1,728)	–	–	–
Recognition of financial instruments issued to investors	*27*	–	–	–	–	–	–	–	(9,990)	–	(9,990)	–	(9,990)
Dividends declared in respect of the year	*30(b)*	–	–	–	–	–	–	–	–	(1,800)	(1,800)	–	(1,800)
Balance at 31 December 2024		–	10,000	–	9,018	4,820	(1,351)	(800)	(9,990)	130,814	142,511	3,318	145,829
Profit for the year		–	–	–	–	–	–	–	–	69,168	69,168	1,049	70,217
Other comprehensive income		–	–	–	–	–	(568)	602	–	–	34	–	34
Conversion into a joint stock limited liability company	*30(c)*	10,000	(10,000)	45,852	(1,382)	(5,000)	–	–	–	(39,470)	–	–	–
Appropriation to statutory reserves		–	–	–	–	512	–	–	–	(512)	–	–	–
Dividends declared in respect of the year	*30(b)*	–	–	–	–	–	–	–	–	(2,000)	(2,000)	–	(2,000)
Balance at 31 December 2025		10,000	–	45,852	7,636	332	(1,919)	(198)	(9,990)	158,000	209,713	4,367	214,080

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Operating activities:				
Cash generated from/(used in) operations	*22(b)*	37,678	(135,842)	99,441
Income tax paid	*17(a)*	(2,058)	(1,874)	(3,275)
Net cash generated from/(used in) operating activities		35,620	(137,716)	96,166
Investing activities:				
Payments for the purchase of property, plant and equipment and intangible assets, net of government grants		(12,256)	(58,005)	(141)
Proceeds from disposal of property, plant and equipment		199	631	31
Proceeds from disposal of financial assets measured at FVPL		86,634	–	–
Payment for purchase of financial assets measured at FVPL		(83,000)	–	(40,020)
Payments for acquisition of financial assets measured at FVOCI		(1,000)	(1,000)	(3,000)
Payments for investment in a joint venture		–	(327)	–
Net cash used in investing activities		(9,423)	(58,701)	(43,130)
Financing activities:				
Capital element of lease rentals paid	*22(c)*	(3,822)	(4,224)	(4,707)
Interest element of lease rentals paid	*22(c)*	(242)	(622)	(461)
Proceeds from loans and borrowings	*22(c)*	89,103	321,897	237,817
Proceeds of amounts due to related parties	*22(c)*	2,796	8,350	10,010
Repayments of loans and borrowings	*22(c)*	(83,251)	(167,999)	(274,490)
Repayments of amounts due to related parties	*22(c)*	(2,396)	(8,750)	(10,010)
Dividends paid to equity shareholders of the Company	*30(b)*	–	(1,800)	(2,000)
Proceeds from the issue of the financial instruments to investors	*22(c)*	–	9,990	–
Net cash generated from/(used in) financing activities		2,188	156,842	(43,841)
Net increase/(decrease) in cash and cash equivalents		28,385	(39,575)	9,195
Cash and cash equivalents at the beginning of the year	*22(a)*	18,964	47,361	7,802
Effect of foreign exchange rate changes		12	16	(68)
Cash and cash equivalents at the end of the year	*22(a)*	47,361	7,802	16,929

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Shanghai Innovatech Information Technology Co., Ltd. (the "**Company**")*(上海易景信息科技股份有限公司), formerly known as Shanghai Innovatech Information Technology Co., Ltd.*(上海易景信息科技有限公司) was established in Shanghai, People's Republic of China (the "**PRC**") on 16 July 2008 as a company with limited liability. On 30 December 2025, the Company was converted into a joint stock company with limited liability.

During the Track Record Period, the Company and its subsidiaries (together, "**the Group**") are principally engaged to the design and development of smartphones, smart wearables and enterprise AIoT products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the year ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shanghai Xuanhe Accounting Firm (General Partnership).*(上海軒和會計師事務所(普通合夥)). At the date of this report, the statutory financial statements of the Company for the year ended 31 December 2025 were not issued yet.

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

			Proportion of ownership interest			
Company name	**Place and date of incorporation/ establishment**	**Particulars of registered and paid-up capital**	**Group's effective interest**	**Directly held by the Company**	**Indirectly held by the Company**	**Principal activities**
Sichuan Yijing Intelligent Terminal Co., Ltd.* 四川易景智能終端有限公司 (i) (iii)	The PRC 16 October 2018	RMB50,942,453/ RMB50,942,453	98.15%	98.15%	–	Manufacture, research and development and sale of smart hardware
INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED 易景(香港)信息科技有限公司 (ii)	Hongkong 30 March 2017	USD206,805.51/ USD206,805.51	100.00%	100.00%	–	Trading of electronic parts and components for computer and telecommunications equipment

Notes:

(i) The statutory financial statements of Sichuan Yijing Intelligent Terminal Co., Ltd. for the year ended 31 December 2023 were audited by Chengdu Yujian Future Certified Public Accountants (General Partnership)* (成都譽見未來會計師事務所(普通合夥)), and for the years ended 31 December 2024 were audited by Sichuan Huabang Certified Public Accountants Co., Ltd.* (四川華邦會計師事務所有限公司). No statutory financial statements for the years ended 31 December 2025 have been prepared.

(ii) The statutory financial statements of INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED for the years ended 31 December 2023 and 2024 were audited by JAS CPA Limited.* (卓聲會計師事務所有限公司). No statutory financial statements for the years ended 31 December 2025 have been prepared.

(iii) This entity is a limited liability company established in the PRC.

* The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

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 adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34.

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

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

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

2 Material accounting policy information

(a) Basis of measurement

As the Group's operation are primarily located in the PRC and most of the Group's transactions are conducted and denominated in Renminbi ("**RMB**"), which is the functional currency of the Group, the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial instruments as disclosed in note 30(e), which are measured at their fair value as explained in Note 2(e).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts 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 and non-controlling interests

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

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

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(n) depending on the nature of the liability.

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

(d) Joint ventures

A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1 (i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and joint ventures, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss 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 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(iii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— Fair value through other comprehensive income ("**FVOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— Fair value through profit or loss ("**FVPL**") if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)).

(f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(i)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

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

The estimated useful lives are as follows:

— Buildings	20 years
— Machinery	10 years
— Office equipment and electronic devices	3-5 years
— Vehicles	4 years
— Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(i)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	2-10 years

The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality. Both the period and method of amortisation are reviewed annually.

(h) Lease

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.

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. 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. The lease payments associated with those leases which are not capitalised are recognised as an expense 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 hence are charged to profit or loss in the accounting period in which they are 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 plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)). Depreciation is calculated using the straight-line method over unexpired term of lease.

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 change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that 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.

(i) 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, trade and other receivables and pledged bank deposits).

Financial assets measured at fair value, including bills receivables measured at FVOCI (non-recycling) and equity securities measured at FVPL, are not subject to the ECL assessment.

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 are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

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; 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-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) 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 and contract assets 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 (including a loan commitment) 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.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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 being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it becoming 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, lease receivable or contract 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

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— intangible assets;

— right-of-use assets;

— investments in subsidiaries and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade 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. Except for certain bills receivable measured at FVOCI — recycling (see Note 2(e)(i)), receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses(see note 2(i)(i)).

(l) Cash and cash equivalents

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

(m) Financial instruments issued to investors

A contract that contains an obligation to purchase the Group's own equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount,. The redemption liability is measured at the highest redemption amount (on a present value basis) the Group could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in "Finance costs" in profit or loss. The Group derecognises the financial liability when, and only when, the Group's obligation is discharged, cancelled or has expired.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Contract liabilities

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(iii)).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(q) Employee benefits

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

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

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

(ii) Termination benefits

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

(r) 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 ("**OCI**").

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

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

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

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries 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 Organization 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 dif-ferences 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 realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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.

(t) Revenue and other income

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

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

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

(i) Sales of goods

Sales of smart terminal products and AIoT products

The Group sells smartphones, tablets, AIoT products and other electronic equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all the remaining benefits from the products. The Group obtains the control of the materials purchased from the customer and provides significant services to integrate materials with other goods and services into a portfolio of outputs. The Group considered itself as a principal in the arrangement and accordingly recognises the revenue to the customer on a gross basis.

(ii) Dividends

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

(iii) Interest income

Interest income is recognised using the effective interest 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 amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) 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 or on a systematic basis in the same periods in which the expenses are incurred or deduction in reporting the related expenses.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

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

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

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

— an investment in equity securities designated as at FVOCI;

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) 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.

(x) 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 judgements and estimates

(a) Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Principal versus agent considerations

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised goods before transferring the goods to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains for its agency services if its role is to arrange to provide the goods. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications.

(b) Significant estimation

Note 30e contains information about the assumptions and their risk factors relating to to fair value of financial instruments. Other key sources of significant estimation uncertainty are as follows:

(i) Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. At the end of each of the period, the historical observed default rates had been checked to determine whether they need to be updated and the changes on the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(ii) Net realisable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is set out below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Smart Terminal Products			
– Smartphones	1,949,305	3,359,475	2,983,958
– Others	145,586	23,882	47,163
AIoT Products:			
– Smart Wearables	94,786	71,930	118,491
– Enterprise AIoT Products	33,780	40,787	61,436
Others	1,784	12,383	8,293
	2,225,241	3,508,457	3,219,341

All of the Group's revenue are recognized at a point in time.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

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

(b) Segment reporting

The Group is principally engaged in the manufacture and sale of smartphones, tablets, AIoT products and other electronic equipment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(i) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in China. The geographical location of customers is based on the location at which the goods were sold.

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	2,120,841	3,485,651	3,181,550
Other countries/regions	104,400	22,806	37,791
	2,225,241	3,508,457	3,219,341

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	1,764,997	3,116,843	2,543,489
Customer B	N/A	N/A	462,743

5 Other net income

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest income	392	156	71
Government grants	7,034	1,836	1,970
Value-added tax additional deduction *(Note i)*	–	33,800	20,947
Others	913	(683)	(438)
	8,339	35,109	22,550

(i) Pursuant to Taxation Policy for VAT Addition and Deduction for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023), from 1 January 2023 to 31 December 2027, a subsidiary of the Group, as advanced manufacturing enterprise, is eligible to deduct the VAT payable by additional 5% of the qualified input VAT.

6 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs:

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Interest on loans and borrowings	*22(c)*	5,263	9,701	11,420
Interest on lease liabilities	*22(c)*	242	622	460
Interest on financial instruments issued to investors	*27*	–	64	235
Total finance costs		5,505	10,387	12,115

(b) Staff costs:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	99,311	138,377	204,048
Contributions to defined contribution retirement plans *(note)*	4,644	8,221	11,589
	103,955	146,598	215,637

Note: Defined contribution retirement plans

Employees of the Group's PRC subsidiaries are required to participate in a de-fined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

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

(c) Other items:

	Note	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories#	*18(b)*	1,998,399	3,260,456	2,910,737
Depreciation:				
– owned property, plant and equipment	*11*	(6,796)	(10,643)	(14,609)
– right-of-use assets	*12*	1,900	4,692	5,047
Amortisation cost of intangible assets	*13*	1,340	696	1,054

\# *During the years ended 31 December 2023, 2024 and 2025, cost of inventories includes RMB32,339,000, RMB61,752,000 and RMB72,222,000 respectively relating to staff costs, reversal for write-down of inventories and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.*

7 Income tax in the consolidated statements of profit or loss and other comprehensive income

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Provision for the year	5,257	10,373	7,689
Deferred tax:			
Origination and reversal of temporary differences (*Note 17(b)*)	(118)	(5,710)	(7,922)
	5,139	4,663	(233)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	61,297	66,739	69,984
Income tax expenses calculated at applicable tax rate	15,324	16,685	17,496
Effect of different tax rates applicable to subsidiaries	(7,357)	(8,803)	(10,087)
Effect of non-deductible expenses	510	1,179	545
Effect of using deductible losses unrecognised in previous periods	(1,278)	(1,137)	–
Effect of deductible temporary differences or deductible losses unrecognised in the current period	963	889	2,214
Effect of additional deduction on research and development costs	(3,023)	(4,150)	(10,401)
Actual tax expense/(benefit)	5,139	4,663	(233)

(i) According to the Corporate Income Tax Law of China (the "**Tax Law**"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%. The Company and certain PRC subsidiaries of the Group obtained the certificate of high and new technology enterprise and were subject to income tax rate at 15% in the Track Record Period.

(ii) Certain PRC subsidiaries of the Group qualified as small and micro enterprises under the relevant PRC tax regulations during the Track Record Period and were entitled to preferential enterprise income tax treatment.

(iii) An additional 100% of qualified research and development costs incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations in the Track Record Period.

(iv) Pursuant to the income tax rules and regulations of Hong Kong, INNOVATECH (HK) INFORMATION TECHNOLOGY LIMITED was liable to the Hong Kong Profits Tax at a rate of 16.5% during the Track Record Period.

8 Directors and supervisors' emoluments

Details of Directors and supervisors' emoluments during the years ended December 31, 2023, 2024 and 2025 are as follows:

Year ended 31 December 2023

2023	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director				
Sun Bin	345	69	24	438
Supervisor				
Chen Miaobo	281	69	25	375
	626	138	49	813

Year ended 31 December 2024

2024	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director				
Sun Bin	384	390	24	798
Supervisor				
Chen Miaobo	278	380	24	682
	662	770	48	1,480

Year ended 31 December 2025

2025	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive director				
Sun Bin	385	995	30	1,410
Supervisor				
Chen Miaobo	298	664	24	986
	683	1,659	54	2,396

Notes:

(i) Mr. Chen Miaobao, Mr. Wang Tao, Mr. Yan Libin and Ms. Zhou Yujie were appointed as executive directors of the Company on 20 January 2026.

(ii) Ms. Zhu Xiaolan was appointed as an independent non-executive director of the Company on 24 March 2026.

(iii) Prof. Yang Wankou and Mr. Liu Deguang will be appointed as independent non-executive directors of the Company upon **[REDACTED]**.

During the Relevant Period, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

During the Track Record Period of the five individuals with the highest emoluments, nil, 2 and 2 are directors and supervisors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	2,733	1,937	3,145
Retirement scheme contributions	230	139	98
Total	2,963	2,076	3,243

The emoluments of the individuals who are not director nor supervisor and with the highest emoluments are within the following bands:

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

During the Relevant Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue during the Track Record Period.

	At 31 December		
	2023	2024	2025
Earnings			
Profit attributable to equity shareholders of the Company for the year *(in RMB'000)*	56,158	61,112	69,168
Shares			
Weighted average number of ordinary shares deemed to be in issue *(in '000)*	10,000	10,000	10,000
Earnings per share			
Basic *(RMB)*	5.62	6.11	6.92

As set out in Note 30, the Company was converted into a joint stock limited liability company and 10,000,000 shares with par value of RMB1.00 each were issued on 30 December 2025. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the above conversion had occurred since 1 January 2023 at the exchange ratio established in the conversion on 30 December 2025.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue, calculated as follows:

	At 31 December		
	2023	**2024**	**2025**
Earnings			
Profit attributable to equity shareholders of the Company for the year (diluted) *(in RMB'000)*.	56,158	61,112	69,168
Shares			
Weighted average number of ordinary shares (diluted) *(in '000)*			
Weighted average number of ordinary shares deemed to be in issue.	10,000	10,000	10,000
Effect of deemed issue of shares under the company's share option scheme *(note 28)*	1,081	1,084	1,087
Weighted average number of ordinary shares (diluted) deemed to be in issue at 31 December	11,081	11,084	11,087
Earnings per share			
Diluted *(RMB)*	5.07	5.51	6.24

11 Property, plant and equipment

	Buildings	Machinery	Vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2023	14,330	20,867	1,779	21,459	263	–	58,698
Additions	–	5,644	386	3,982	21,858	–	31,870
Deduction by government grants received	(5,000)	–	–	–	(19,800)	–	(24,800)
Disposals	–	–	(521)	(937)	–	–	(1,458)
At 31 December 2023 and 1 January 2024	9,330	26,511	1,644	24,504	2,321	–	64,310
Additions	58	18,350	200	9,794	64,418	3,448	96,268
Transfers	61,921	–	–	–	(61,921)	–	–
Deduction by government grants received	(40,665)	–	–	–	–	–	(40,665)
Disposals	(301)	(140)	–	(278)	–	–	(719)
At 31 December 2024 and 1 January 2025	30,343	44,721	1,844	34,020	4,818	3,448	119,194
Additions	–	13,451	175	7,342	17,079	391	38,438
Transfers	21,725	–	–	–	(21,725)	–	–
Deduction by government grants received	(37,138)	–	–	–	–	–	(37,138)
Disposals	–	(72)	–	(217)	–	–	(289)
At 31 December 2025	14,930	58,100	2,019	41,145	172	3,839	120,205
Accumulated depreciation:							
At 1 January 2023	1,264	8,107	1,081	6,435	–	–	16,887
Charge for the year	486	2,661	219	3,430	–	–	6,796
Written back on disposals	–	–	(495)	(764)	–	–	(1,259)
At 31 December 2023 and 1 January 2024	1,750	10,768	805	9,101	–	–	22,424
Charge for the year	732	2,913	298	5,805	–	895	10,643
Written back on disposals	(35)	(48)	–	(5)	–	–	(88)
At 31 December 2024 and 1 January 2025	2,447	13,633	1,103	14,901	–	895	32,979
Charge for the year	1,539	4,607	338	6,985	–	1,140	14,609
Written back on disposals	–	(67)	–	(191)	–	–	(258)
At 31 December 2025	3,986	18,173	1,441	21,695	–	2,035	47,330
Net book value:							
At 31 December 2023	7,580	15,743	839	15,403	2,321	–	41,886
At 31 December 2024	27,896	31,088	741	19,119	4,818	2,553	86,215
At 31 December 2025	10,944	39,927	578	19,450	172	1,804	72,875

Certain property, plant and equipment are pledged for bank loan and borrowings (see note 25).

12 Right-of-use assets

The Group:

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	2,771	11,731	14,502
Additions	15,132	–	15,132
At 31 December 2023 and 1 January 2024	17,903	11,731	29,634
Additions	1,622	–	1,622
At 31 December 2024 and 2025	19,525	11,731	31,256
Accumulated depreciation:			
At 1 January 2023	(286)	(561)	(847)
Charge for the year	(1,669)	(231)	(1,900)
At 31 December 2023 and 1 January 2024	(1,955)	(792)	(2,747)
Charge for the year	(4,461)	(231)	(4,692)
At 31 December 2024 and 1 January 2025	(6,416)	(1,023)	(7,439)
Charge for the year	(4,791)	(256)	(5,047)
At 31 December 2025	(11,207)	(1,279)	(12,486)
Net book value:			
At 31 December 2023	15,948	10,939	26,887
At 31 December 2024	13,109	10,708	23,817
At 31 December 2025	8,318	10,452	18,770

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

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Buildings	1,669	4,461	4,791
Land use rights	231	231	256
Interest on lease liabilities *(Note 6(a))*	242	622	460
Expense relating to short-term leases	257	208	366

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 22(d) and 26, respectively.

The Company:

	Buildings
	RMB'000
Cost:	
At 1 January 2023	–
Additions	13,341
At 31 December 2023, 2024 and 2025	13,341

	Buildings
	RMB'000
Accumulated depreciation:	
At 1 January 2023	–
Charge for the year	(452)
At 31 December 2023 and 1 January 2024	(452)
Charge for the year	(2,714)
At 31 December 2024 and 1 January 2025	(3,166)
Charge for the year	(2,714)
At 31 December 2025	(5,880)
Net book value:	
At 31 December 2023	12,889
At 31 December 2024	10,175
At 31 December 2025	7,461

(a) Buildings

The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

(b) Land use rights

The Group has obtained land use rights in the PRC with a period of 50 years when granted.

13 Intangible assets

	Software
	RMB'000
Cost:	
At 1 January 2023	6,761
Additions	930
At 31 December 2023 and 1 January 2024	7,691
Additions	2,714
At 31 December 2024 and 1 January 2025	10,405
Additions	1,127
At 31 December 2025	11,532
Accumulated amortisation:	
At 1 January 2023	(5,480)
Charge for the year	(1,340)
At 31 December 2023 and 1 January 2024	(6,820)
Charge for the year	(696)
At 31 December 2024 and 1 January 2025	(7,516)
Charge for the year	(1,054)
At 31 December 2025	(8,570)
Net book value:	
At 31 December 2023	871
At 31 December 2024	2,889
At 31 December 2025	2,962

14 Other non-current assets

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	2,500	5,525	5,025
Prepayments for property, plant and equipment	2,887	3,646	596
Others	1,104	533	498
	6,491	9,704	6,119

15 Investments in subsidiaries

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	56,206	64,206	64,660

Details of the subsidiaries are set out in Note 1.

16 Equity securities designated at fair value through other comprehensive income

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in unlisted equity securities, at cost	1,000	2,000	5,000
Changes in fair value of investments	429	(800)	(198)
At the end of the year	1,429	1,200	4,802

The unlisted equity securities were mainly investments in entities established in Chinese Mainland. The Group designated these investments as financial assets measured at FVOCI (non-recycling), as the investments are held for strategic purposes.

17 Income tax in the consolidated statement of financial position

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

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	2,862	6,061	14,560
Provision for income tax for the year	5,257	10,373	7,689
Income tax paid during the year	(2,058)	(1,874)	(3,275)
Balance at the end of the year	6,061	14,560	18,974

(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 statement of financial position and the movements during the year are as follows:

	Attributable to equity shareholders of the Company							
Deferred tax arising from:	**Lease liabilities**	**Credit loss allowance**	**Provision for inventories**	**Deductible tax losses**	**Unrealised profit on intra-group transactions**	**Right-of-use assets**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	540	454	2,989	2,773	–	(541)	–	6,215
Charged/(credited) to profit or loss	1,319	(437)	(153)	2,513	75	(3,549)	350	118
At 31 December 2023	1,859	17	2,836	5,286	75	(4,090)	350	6,333
(Credited)/charged to profit or loss	(573)	954	118	4,612	54	496	49	5,710
At 31 December 2024	1,286	971	2,954	9,898	129	(3,594)	399	12,043
(Credited)/charged to profit or loss	(511)	152	(588)	7,890	183	796	–	7,922
At 31 December 2025	775	1,123	2,366	17,788	312	(2,798)	399	19,965

(ii) Reconciliation to the consolidated statement of financial position

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax asset in the consolidated statement of financial position	6,399	12,085	20,009
Net deferred tax liability in the consolidated statement of financial position	(66)	(42)	(44)
	6,333	12,043	19,965

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), as at December 31, 2023, 2024 and 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses of RMB23,903,000, RMB27,743,000 and RMB39,785,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

18 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	63,914	257,394	190,929
Finished goods	60,411	143,472	176,317
Work in progress	3,748	71,019	14,180
Less: Provision for impairment loss	(18,903)	(19,690)	(15,772)
	109,170	452,195	365,654

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

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories used	1,998,399	3,260,456	2,910,737
(Reversal)/write-down of inventories	(1,013)	787	(3,918)
	1,997,386	3,261,243	2,906,819

19 Trade and other receivables

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	146,658	1,395,874	318,327
– Related parties	6,367	1,507	1,577
Less: loss allowance	(108)	(5,847)	(6,526)
Bills receivables, measures at FVOCI	10,494	76,601	274,716
Prepayments	29,209	12,649	26,981
Value-added tax recoverable	26,355	108,843	53,671
Deposits	3,188	6,802	3,348
Other receivables and net of loss allowance	309	2,836	202
	222,472	1,599,265	672,296

Due to the requirement of cash management, the Group endorsed or discounted part of bills receivable to the suppliers or from bank. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, at December 31, 2023, 2024 and 2025, the Group classified bills receivable of RMB10,494,000, RMB76,601,000 and RMB274,716,000 as bills receivables carried at fair value and whose changes are included in other comprehensive income.

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– due from third parties	29,622	20,036	81,358
– due from subsidiaries	3,355	14,034	6,474
Less: loss allowance	(9)	(13)	(9)
Bills receivables, measures at FVOCI	10,494	76,601	274,443
Prepayments	2,405	752	1,864
Value-added tax recoverable	1,708	2,447	12,490
Deposits	1,312	1,280	1,511
Other receivables and net of loss allowance			
– due from subsidiaries	49,897	55,944	73,516
– others	186	509	13
	98,970	171,590	451,660

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

As of the end of each reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	152,416	1,390,563	310,859
Over 1 year but within 2 years	501	971	2,519
	152,917	1,391,534	313,378

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 31(a).

20 Financial assets measured at fair value through profit or loss

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	–	40,036

21 Restricted bank deposits

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank deposits	3,000	4,000	–

As at 31 December 2023 and 2024, the Group's pledged bank deposits include deposits for letters of guarantees and bill acceptance notes.

22 Cash and cash equivalents and other cash flow information

(a) *Cash and cash equivalents and fixed deposits with banks comprise:*

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	47,361	7,802	16,929

(b) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		61,297	66,739	69,984
Adjustments for:				
– Depreciation of property, plant and equipment	*6(c)*	6,796	10,643	14,609
– Depreciation of right-of-use assets	*6(c)*	1,900	4,692	5,047
– Amortisation of intangible assets	*6(c)*	1,340	696	1,054
– Net loss on disposal of property, plant and equipment		312	323	29
– (Reversal)/write-down of inventories	*18(b)*	(1,013)	787	(3,918)
– Share of losses of joint venture		2,330	193	–
– Finance costs	*6(a)*	5,505	10,387	12,115
– Net realised and unrealised gain on financial assets measured at FVPL		(1,067)	(175)	(18)
– (Reversal of)/provision for impairment loss on trade receivables		(2,916)	5,739	679
Changes in working capital:				
Decrease/(increase) in inventories		124,010	(343,812)	90,459
(Increase)/decrease in deposits		(246)	(4,025)	4,500
(Increase)/decrease in trade and other receivables		(197,649)	(1,342,632)	976,009
Increase/(decrease) in trade and other payables		37,079	1,454,603	(1,071,108)
Cash generated from/(used in) operations		37,678	(135,842)	99,441

(c) 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 cash flow statement as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Amounts due to related parties	Total
	RMB'000 *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000* *(Note 23)*	*RMB'000*
At 1 January 2023	39,169	4,700	–	43,869
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(3,822)	–	(3,822)
Interest element of lease rentals paid	–	(242)	–	(242)
Proceeds from loans and borrowings	89,103	–	–	89,103
Proceeds of amounts due to related parties	–	–	2,796	2,796
Repayments of loans and borrowings	(83,251)	–	–	(83,251)
Repayments of amounts due to related parties	–	–	(2,396)	(2,396)
Total changes from financing cash flows	5,852	(4,064)	400	2,188
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	15,132	–	15,132
Interest expenses *(Note 6(a))*	5,263	242	–	5,505
Increase in bills discounted	10,000	–	–	10,000
Total other changes	15,263	15,374	–	30,637
At 31 December 2023	60,284	16,010	400	76,694

	Loans and borrowings	Lease liabilities	Financial instruments issued to investors	Amounts due to related parties	Total
	RMB'000 *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000* *(Note 27)*	*RMB'000* *(Note 23)*	*RMB'000*
At 1 January 2024	60,284	16,010	–	400	76,694
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(4,224)	–	–	(4,224)
Interest element of lease rentals paid	–	(622)	–	–	(622)
Proceeds from loans and borrowings	321,897	–	–	–	321,897
Proceeds of amounts due to related parties	–	–	–	8,350	8,350
Repayments of loans and borrowings	(167,999)	–	–	–	(167,999)
Repayments of amounts due to related parties	–	–	–	(8,750)	(8,750)
Proceeds from the issue of financial instruments to investors	–	–	9,990	–	9,990
Total changes from financing cash flows	153,898	(4,846)	9,990	(400)	158,642
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	1,622	–	–	1,622
Interest expenses *(Note 6(a))*	9,701	622	64	–	10,387
Increase in bills discounted	63,762	–	–	–	63,762
Total other changes	73,463	2,244	64	–	75,771
At 31 December 2024	287,645	13,408	10,054	–	311,107

	Loans and borrowings	Lease liabilities	Financial instruments issued to investors	Amounts due to related parties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25)	*(Note 26)*	*(Note 27)*	*(Note 23)*	
At 1 January 2025	287,645	13,408	10,054	–	311,107
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(4,707)	–	–	(4,707)
Interest element of lease rentals paid	–	(461)	–	–	(461)
Proceeds from loans and borrowings	237,817	–	–	–	237,817
Proceeds of amounts due to related parties	–	–	–	10,010	10,010
Repayments of loans and borrowings	(274,490)	–	–	–	(274,490)
Repayments of amounts due to related parties	–	–	–	(10,010)	(10,010)
Total changes from financing cash flows	(36,673)	(5,168)	–	–	(41,841)
Other changes:					
Interest expenses *(Note 6(a))*	11,420	460	235	–	12,115
Increase in bills discounted	92,309	–	–	–	92,309
Total other changes	103,729	460	235	–	104,424
At 31 December 2025	354,701	8,700	10,289	–	373,690

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	257	208	366
Within financing cash flows	4,064	4,846	5,168
	4,321	5,054	5,534

23 Trade and other payables

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	191,528	1,506,665	541,798
Bills payables	10,102	6,000	–
Accrued payroll	13,083	16,896	28,184
Other tax payables	30,467	176,120	4,919
Deposits	9,097	2,968	2,447
Amounts due to related parties	400	–	–
Other payables and accruals	1,504	131	2,362
	256,181	1,708,780	579,710

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	122,015	76,017	305,784
Bills payables	10,102	6,000	–
Accrued payroll	4,770	3,294	9,192
Other tax payables	1,708	4,798	3,274
Amounts due to related parties	400	–	–
Other payables and accruals			
– amount due to subsidiaries	8,133	10,292	13,132
– others	236	277	3,227
	147,364	100,678	334,609

(a) All trade and other payables of the Group are expected to be settled within one year or are repayable on demand, and are unsecured, non-interest bearing.

(b) As of the end of each reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	160,884	1,478,127	534,421
Over 1 year but less than 2 years	21,773	4,316	1,543
Over 2 year but less than 3 years	5,947	21,536	4,212
Over 3 years	2,924	2,686	1,622
	191,528	1,506,665	541,798

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	122,015	76,017	305,784

24 Contract Liabilities

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance from customer	40,737	18,854	33,954

Movement in contract liabilities

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	60,869	40,737	18,854
Net increase in contract liabilities during the year	40,737	18,854	33,954
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(60,869)	(40,737)	(18,854)
Balance at the end of the year	40,737	18,854	33,954

25 Loans and borrowings

(a) Loans and borrowings comprise:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	39,000	137,400	164,000
Bills discounted	10,000	73,762	166,071
Other borrowings	11,284	76,483	24,630
	60,284	287,645	354,701

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	19,000	34,000	51,000
Bills discounted	10,000	73,762	166,071
	29,000	107,762	217,071

Note

As at 31 December 2023, 2024 and 2025, the Group's bank loans amounted to RMB39,000,000, RMB137,400,000 and RMB164,000,000 bear interest ranging from 2.6% to 4.3% and secured by property, plant and equipment with carrying amounts of nil, RMB148,623,000 and RMB166,323,000, land use rights of RMB5,625,000, nil and nil owned by a subsidiary of the Group and guaranteed by the Company, certain subsidiaries of the Group.

As at 31 December 2023, 2024 and 2025, the Group's other borrowings from financial institutions amounted to RMB8,484,000, RMB44,979,000 and RMB22,992,000, respectively, bear interest ranging from 4.9% to 8.7% were secured by the Group's property, plant and equipment.

As at 31 December 2023, 2024 and 2025, the Group's other borrowings from a third party amounted to RMB2,800,000, RMB31,504,000 and RMB1,638,000, respectively, bear interest ranging of 7.2% were secured by the building and the equity of a subsidiary and guaranteed by the Company.

(b) As of the end of each reporting period, loans and borrowings were repayable as follows:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Within 1 year	60,284	272,263	353,725
– After 1 year but within 2 years	–	15,382	976
	60,284	287,645	354,701

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Within 1 year	29,000	107,762	217,071

(c) As of the end of each reporting period, loans and borrowings were guaranteed and secured as follows:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Secured	60,284	287,645	354,701

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Secured	29,000	107,762	217,071

26 Lease liabilities

During the Track Record Period, the lease liabilities were repayable as follows:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,762	4,710	3,466
After 1 year but within 2 years	3,897	3,465	3,020
After 2 years but within 5 years	8,351	5,233	2,214
	12,248	8,698	5,234
	16,010	13,408	8,700

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,517	2,622	2,732
After 1 year but within 2 years	2,622	2,732	2,847
After 2 years but within 5 years	7,793	5,061	2,214
	10,415	7,793	5,061
	12,932	10,415	7,793

27 Financial instruments issued to investors

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	10,054
Recognition of financial instruments issued to investors	–	9,990	–
Interest charges	–	64	235
At the end of the year	–	10,054	10,289

In 2024, the Company entered into an agreement with an investor, pursuant to which the investor subscribed for newly issued registered capital of Sichuan Yijing Intelligent Terminal Co., Ltd. ("Sichuan Yijing"), a subsidiary of the Company, for RMB9,990,000, and the Company granted a right (the "Redemption Right") to the investor to put those registered capital to the Company for cash upon the occurrence of any of the specified events, including but not limited to (i) a Qualified Initial Public Offering ("IPO") has not completed by 31 December 2030; and (ii) Sichuan Yijing incurs a net loss in 2025, 2026 or 2027. The redemption price is the higher of (i) the investment amount paid by the investor plus the 1-year Loan Prime Rate published by the National Interbank Funding Center; and (ii) the investment amount paid by the investor plus any dividends distributed by Sichuan Yijing, and any declared but unpaid dividends.

The Group recognised a financial liability for its obligation to purchase from the investor the registered capital for cash in the consolidated statements of financial position (see Note 2(m)).

28 Equity-Settled Share-Based Payments

The Group has a share option scheme ("**2021 Option Scheme**") which was approved by the board of directors of the Group in January 2021. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

(a) The terms and conditions of the grants are as follows:

Each share option would become exercisable when the explicit required service period from the grant date to 31 December 2022 and will expire on 31 December 2032. The shares of the Company underlying the share options are not allowed to transfer before the completion of a **[REDACTED]** of the Company ("**[REDACTED]**") unless the Company approves the transfer.

	Number of instruments	Contractual life of options
Total share options granted to employees in January 2021	1,111,111	10 years

(b) The number of share options are as follows:

	Weighted average exercise price	Number of Options
	RMB	
Outstanding as of 1 January 2023, 31 December 2023, 2024 and 2025	2.7	1,111,111
Exercisable as of 31 December 2025	2.7	1,111,111

On 20 January 2026, 1,111,111 share options were exercised.

29 Interest in joint venture

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest					
				Group's effective interest			Held by the company		
				2025	2024	2023	2025	2024	2023
Shanghai Caiyou Information Technology Co., Ltd. ("**Shanghai Caiyou**")	Incorporated	Chinese Mainland	Registered capital RMB3,000,000.00	50%	50%	50%	50%	50%	50%

Shanghai Caiyou was deregistered on 11 March 2026.

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of the joint venture	2,330	–	–
Investment in a joint venture.	–	327	–
Share of losses of joint venture	(2,330)	(193)	–
Impairment of interest in joint venture	–	(134)	–
At the end of the year	–	–	–

30 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 statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Paid-in capital	Share premium	Capital reserve	PRC statutory reserves	Fair value reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	–	10,000	–	1,382	2,150	–	13,901	27,433
Total comprehensive income for the year	–	–	–	–	–	–	9,415	9,415
Other comprehensive income	–	–	–	–	–	429	–	429
Appropriation to statutory reserves	–	–	–	–	942	–	(942)	–
Balance at 31 December 2023 and 1 January 2024	–	10,000	–	1,382	3,092	429	22,374	37,277
Total comprehensive income for the year	–	–	–	–	–	–	17,277	17,277
Other comprehensive income	–	–	–	–	–	(1,228)	–	(1,228)
Appropriation to statutory reserves	–	–	–	–	1,728	–	(1,728)	–
Dividends declared in respect of the year	–	–	–	–	–	–	(1,800)	(1,800)
Balance at 31 December 2024 and 1 January 2025	–	10,000	–	1,382	4,820	(799)	36,123	51,526
Total comprehensive income for the year	–	–	–	–	–	–	16,783	16,783
Other comprehensive income	–	–	–	–	–	602	–	602
Conversion into a joint stock limited liability company	10,000	(10,000)	45,852	(1,382)	(5,000)	–	(39,470)	–
Appropriation to statutory reserves	–	–	–	–	512	–	(512)	–
Dividends declared in respect of the year	–	–	–	–	–	–	(2,000)	(2,000)
Balance at 31 December 2025	10,000	–	45,852	–	332	(197)	10,924	66,911

(b) Dividends

During the years ended 31 December 2023, 2024 and 2025, the Company declared and paid dividends of RMB nil, RMB1,800,000 and RMB2,000,000, respectively to its shareholders.

(c) Paid-in capital and share capital

	Numbers of ordinary shares	Paid-in capital	Share capital
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid			
At 1 January 2023, 31 December 2023, 31 December 2024 and 1 January 2025	–	10,000	–
Issue of ordinary shares upon conversion into a joint stock company (i)	10,000	(10,000)	10,000
At 31 December 2025	10,000	–	10,000

i: Pursuant to the shareholders' resolutions and agreements dated 18 December 2025, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is 31 August 2025, including paid-in capital, PRC statutory reserve, capital reserve and retained profits were converted into 10,000,000 shares with par value of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. Upon the completion of registration on 30 December 2025, the Company was converted into a joint stock limited liability company under PRC Company Law, and renamed from Shanghai Innovatech Information Technology Co., Ltd（上海易景信息科技有限公司）to Shanghai Innovatech Information Technology Co., Ltd. 上海易景信息科技股份有限公司.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises the following:

- the fair value of unexercised share options;
- the excess of the net contributions from the owners of the Company over the total paid-in capital issued;

(ii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 50% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(iv) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(e)).

(v) Other reserve

Other reserve comprises amounts in relation to the initial recognition of the financial instruments issued to investors (see note 27).

(vi) 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.

31 Financial risk management and fair value of financial instruments

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

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations.

The Group's exposure to credit risk arising from cash and cash equivalents, pledged bank deposits and bills receivable is limited because the counterparties are the counterparties are banks and financial institutions with high credit standing for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023, 2024 and 2025 represented 83%, 99% and 94% of the total trade receivables respectively, while 67%, 98% and 69% of the total trade receivables were due from the largest single customer respectively.

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance in total
	RMB'000	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*
Within one year	152,460	–	152,460	0.03%	44	44
Over 1 year but within 2 years	522	–	522	4.02%	21	21
Over 2 years	43	–	43	100.00%	43	43
	153,025	–	153,025		108	108

	2024					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance in total
	RMB'000	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*
Within one year	1,390,854	–	1,390,854	0.02%	291	291
Over 1 year but within 2 years	6,505	5,501	1,004	3.29%	33	5,534
Over 2 years	22	17	5	100.00%	5	22
	1,397,381	5,518	1,391,863		329	5,847

	2025					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance in total
	RMB'000	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*
Within one year	310,767	–	310,767	0.01%	33	33
Over 1 year but within 2 years	2,880	–	2,880	8.19%	236	236
Over 2 years	6,257	5,518	739	100.00%	739	6,257
	319,904	5,518	314,386		1,008	6,526

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	3,024	108	5,847
(Reversal of)/provision for Impairment loss	(2,916)	5,739	679
	108	5,847	6,526

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to customers and value-added-tax recoverable.

The Group has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

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

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of 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 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	62,565	–	–	–	62,565	60,284
Trade and other payables	256,181	–	–	–	256,181	256,181
Lease liabilities	4,356	4,332	8,834	–	17,522	16,010
	323,102	4,332	8,834	–	336,268	332,475

	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 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	280,167	15,816	–	–	295,983	287,645
Trade and other payables	1,708,780	–	–	–	1,708,780	1,708,780
Lease liabilities	5,172	3,729	5,430	–	14,331	13,408
Financial instruments issued to investors	10,054	–	–	–	10,054	10,054
	2,004,173	19,545	5,430	–	2,029,148	2,019,887

	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 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	361,363	988	–	–	362,351	354,701
Trade and other payables	579,710	–	–	–	579,710	579,710
Lease liabilities	3,729	3,178	2,252	–	9,159	8,700
Financial instruments issued to investors	10,289	–	–	–	10,289	10,289
	955,091	4,166	2,252	–	961,509	953,400

(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's interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 primarily are the cash at bank, pledged bank deposits and interest-bearing borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest rate profile as monitored by management is set out below.

The Group's interest-bearing borrowings, lease liabilities, pledged bank deposits, fixed deposits with more than three months to maturity when placed and cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December					
	2023		2024		2025	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Fixed rate instruments						
Loans and borrowings	3.45% – 8.69%	(6,284)	3.00% – 7.25%	(241,645)	2.80% – 7.22%	(238,701)
Lease liabilities	4.20% – 4.30%	(16,010)	3.45% – 4.30%	(13,408)	2.60% – 4.30%	(8,700)
		(22,294)		(255,053)		(247,401)
Variable rate instruments						
Restricted bank deposits	0.20%	3,000	0.10%	4,000	–	–
Cash and cash equivalents	0.05% – 0.20%	47,361	0.05% – 0.30%	7,802	0.05% – 0.30%	16,929
Financial instruments issued to investors	–	–	3.10%	(10,054)	3.00%	(10,289)
Loans and borrowings	3.45% – 3.65%	(54,000)	3.10% – 3.35%	(46,000)	2.60% – 3.00%	(116,000)
		(3,639)		(44,252)		(109,360)

(i) Sensitivity analysis

At 31 December 2023 and 2024 and 2025, it is estimated that a general increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have (decrease)/increase in the Group's loss after tax and accumulated losses as follows.

	Increase/ (decrease) in basis points	(Decrease)/ Increase in profit after tax for the year	(Decrease)/ Increase in retained earnings for the year
		RMB'000	*RMB'000*
At 31 December 2023			
Basis points	100	(403)	(403)
Basis points	(100)	403	403
At 31 December 2024			
Basis points	100	(25)	(25)
Basis points	(100)	25	25
At 31 December 2025			
Basis points	100	(67)	(67)
Basis points	(100)	67	67

(d) Currency risk

As at 31 December 2023, 2024 and 2025, 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

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, 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 input

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value measurements as at 31 December 2023 categorized into			
	Fair value at 31 December 2023	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Bills receivables, measures at FVOCI	10,494	–	10,494	–
Investments in unlisted equity securities	1,429	–	1,429	–
	11,923	–	11,923	–

	Fair value measurements as at 31 December 2024 categorized into			
	Fair value at 31 December 2024	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Bills receivables, measures at FVOCI	76,601	–	76,601	–
Investments in unlisted equity securities	1,200	–	1,200	–
	77,801	–	77,801	–

	Fair value measurements as at 31 December 2025 categorized into			
	Fair value at 31 December 2025	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Wealth management products	40,036	–	40,036	–
Bills receivables, measures at FVOCI	274,716	–	274,716	–
Investments in unlisted equity securities	4,802	–	4,802	–
	319,554	–	319,554	–

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

Valuation techniques and inputs used in level 2 fair value measurements

The fair values of the bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of investments in unlisted equity securities in Level 2 is determined by recent comparable transaction price on the market. These investments were either acquired, re-invested by the Group recently or newly financed on the market.

The fair value of wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products at the end of the reporting period that published by commercial banks.

(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 or amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

32 Material related party transactions

(a) Key management personnel remuneration

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	2,564	3,698	6,773
Post-employment benefits	173	184	201
	2,737	3,882	6,974

(b) *Names and relationships of the related parties that had material transactions with Group*

Name of party	Relationship
Shanghai Yizhen Enterprise Management Consulting Center (Limited Partnership) ("**Shanghai Yizhen**") 上海翌臻企業管理諮詢中心(有限合夥)	Entity controlled by Sun Bin (the ultimate controlling party)
Yuchang Information Technology (Shanghai) Co. Ltd. ("**Yuchang**") 上海禹昌信息科技有限公司	Entity controlled by Sun Bin
Shanghai Caiyou Information Technology Co., Ltd. "**Caiyou**") 上海彩柚信息科技有限公司	Entity jointly controlled by the Group
E-SKY Industrial Co., Limited ("**E-SKY**") 易天實業有限公司	Entity controlled by Sun Bin

* *The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.*

(c) *Material related parties transactions*

The Group entered into the following material related party transactions for the years ended December 31, 2023, 2024 and 2025:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and services			
Yuchang	8,320	2,403	70
Proceed of loans			
Shanghai Yizhen	–	8,350	10,010
Yuchang	2,796	–	–
	2,796	8,350	10,010
Repayment of loans			
Shanghai Yizhen	–	8,350	10,010
Yuchang	2,396	400	–
	2,396	8,750	10,010

(d) Balances with related parties

At 31 December 2023, 2024 and 2025, the Group had the following balances with related party:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Trade receivables, gross amount			
Caiyou	1,224	–	–
Yuchang	5,143	1,507	1,577
	6,367	1,507	1,577
Trade and other payables			
E-SKY	16,215	16,457	–
Non-trade related			
Other payables			
Yuchang	400	–	–

33 Immediate and ultimate controlling party

As at 31 December 2023, 2024 and 2025, the directors consider the immediate controlling party and ultimate controlling party of the Group to be Sun Bin.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. 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
Amendments to IAS 21, *Translation to a hyperinflationary presentation*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to IFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group 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 the year beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS18 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

35 Subsequent events after the reporting period

1) On 20 January 2026, Shanghai Yilin Enterprise Management Partnership (Limited Partnership) acquired 1,111,111 shares of the Company at an aggregate consideration of RMB3.0 million.

2) On 29 January 2026, certain investors entered into a capital increase agreement with the Company to subscribe 709.220 shares with special rights for an aggregate of RMB90.0 million.

3) As approved by the Shareholders' meeting held on 27 March 2026, the ordinary Shares of the Company will be split on a one-for-twenty basis, and the nominal value of the Shares will be changed from RMB1.00 each to RMB0.05 each, effective upon completion of the **[REDACTED]**.

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.