

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI GUAN AN INFORMATION TECHNOLOGY CO., LTD. AND ICBC INTERNATIONAL CAPITAL LIMITED AND ZHONGTAI INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Guan An Information Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[2026]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) (the “**Underlying Financial Statements**”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	516,199	659,136	707,655
Cost of sales		(322,679)	(428,858)	(406,073)
Gross profit		193,520	230,278	301,582
Other income and gains	5	26,946	12,090	15,737
Selling and marketing expenses		(139,919)	(141,488)	(108,558)
Administrative expenses		(79,989)	(80,516)	(71,576)
Research and development expenses		(119,922)	(100,146)	(101,890)
Impairment losses on financial and contract assets, net		(1,675)	(7,296)	(9,417)
Other expenses		(1,872)	(2,861)	(1,550)
Finance costs	7	(2,542)	(3,804)	(4,175)
(LOSS)/PROFIT BEFORE TAX		(125,453)	(93,743)	20,153
Income tax expense	10	–	–	–
(LOSS)/PROFIT FOR THE YEAR		(125,453)	(93,743)	20,153
(Loss)/profit Attributable to:				
Owners of the parent		(124,554)	(93,415)	20,162
Non-controlling interests		(899)	(328)	(9)
		(125,453)	(93,743)	20,153

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		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
		Notes		
(LOSS)/PROFIT PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB per share)	12	(0.93)	(0.70)	0.15
OTHER COMPREHENSIVE INCOME				
FOR THE YEAR, NET OF TAX				
		–	–	–
TOTAL COMPREHENSIVE				
(LOSS)/INCOME FOR THE				
YEAR				
		(125,453)	(93,743)	20,153
Attributable to:				
Owners of the parent		(124,554)	(93,415)	20,162
Non-controlling interests		(899)	(328)	(9)
		(125,453)	(93,743)	20,153

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	Notes			
NON-CURRENT ASSETS				
Property, plant and equipment	13	11,150	7,949	6,698
Right-of-use assets	14	18,748	9,680	9,979
Other intangible assets	15	5,321	1,395	1,849
Prepayments, other receivables and other assets	22	1,688	5,524	1,056
Debt investments measured at amortized cost	20	42,741	–	–
Contract assets	19	1,216	1,318	4,890
Total non-current assets		80,864	25,866	24,472
CURRENT ASSETS				
Contract fulfillment costs	18	223,293	163,165	108,016
Trade and bills receivables	19	112,547	281,890	318,620
Contract assets	19	7,327	8,210	3,312
Prepayments, other receivables and other assets	22	19,851	27,253	23,190
Financial assets at fair value through profit or loss	21	108,910	55,661	37,212
Debt investments measured at amortized cost	20	88,237	44,173	–
Time deposits	23	–	–	20,000
Restricted cash	23	1,116	1,745	15,840
Cash and cash equivalents	23	71,232	91,392	155,818
Total current assets		632,513	673,489	682,008

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		As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	Notes			
CURRENT LIABILITIES				
Trade and bill payables	24	179,261	269,420	331,333
Other payables and accruals	25	88,074	117,469	66,000
Contract liabilities	26	164,866	90,031	49,039
Interest-bearing bank borrowings	27	78,361	119,294	138,878
Lease liabilities	14	8,228	9,494	6,948
Total current liabilities		518,790	605,708	592,198
NET CURRENT ASSETS		113,723	67,781	89,810
TOTAL ASSETS LESS CURRENT LIABILITIES		194,587	93,647	114,282
NON-CURRENT LIABILITIES				
Lease liabilities	14	11,972	3,681	6,843
Contract liabilities	26	7,132	4,741	282
Total non-current liabilities		19,104	8,422	7,125
Net assets		175,483	85,225	107,157
EQUITY				
Equity attributable to owners of the parent				
Share capital	28	133,754	133,754	133,754
Reserves	30	42,797	(47,133)	(25,192)
Non-controlling interests		176,551 (1,068)	86,621 (1,396)	108,562 (1,405)
Total equity		175,483	85,225	107,157

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Share premium reserve*	Share-based payment reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 Note 28	RMB'000 Note 30	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	133,754	899,531	10,890	(745,112)	299,063	(169)	298,894
Total comprehensive loss for the year	–	–	–	(124,554)	(124,554)	(899)	(125,453)
Share-based payments	–	–	2,042	–	2,042	–	2,042
As at 31 December 2023	133,754	899,531	12,932	(869,666)	176,551	(1,068)	175,483
As at 1 January 2024	133,754	899,531	12,932	(869,666)	176,551	(1,068)	175,483
Total comprehensive loss for the year	–	–	–	(93,415)	(93,415)	(328)	(93,743)
Share-based payments	–	–	3,485	–	3,485	–	3,485
As at 31 December 2024	133,754	899,531	16,417	(963,081)	86,621	(1,396)	85,225
As at 1 January 2025	133,754	899,531	16,417	(963,081)	86,621	(1,396)	85,225
Total comprehensive income/(loss) for the year	–	–	–	20,162	20,162	(9)	20,153
Share-based payments	–	–	1,779	–	1,779	–	1,779
As at 31 December 2025	133,754	899,531	18,196	(942,919)	108,562	(1,405)	107,157

* These reserve accounts comprise the consolidated reserves of RMB42,797,000, RMB(47,133,000) and RMB(25,192,000) in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(125,453)	(93,743)	20,153
Adjustments for:				
Depreciation of property, plant and equipment	13	9,655	7,130	6,139
Depreciation of right-of-use assets	14	11,851	10,285	7,909
Amortisation of other intangible assets	15	2,491	1,745	696
Share-based payments		2,042	3,485	1,779
Impairment losses on financial and contract assets, net	6	1,675	7,296	9,417
Impairment loss on contract fulfillment costs	6	4,133	3,998	6,605
Finance costs	7	2,542	3,804	4,175
Interest income	5	(5,697)	(2,654)	(584)
Fair value changes on financial assets at fair value through profit and loss		(2,012)	(2,173)	(1,551)
Loss on disposal of items of property, plant and equipment and other intangible assets		141	2,666	14
		(98,632)	(58,161)	54,752
(Increase)/decrease in contract fulfillment costs		(3,332)	56,130	48,544
(Increase)/decrease in contract assets		(4,296)	(1,061)	1,444
Decrease/(increase) in restricted cash		3,380	(629)	(14,095)
Decrease/(increase) in trade and bills receivables		12,694	(175,134)	(47,006)
(Increase)/decrease in prepayments and other receivables		(4,048)	5,892	(8,124)
(Decrease)/increase in trade and bills payables		(24,967)	90,159	61,913
(Decrease)/increase in other payables and accruals		(32,213)	29,394	(51,945)
Decrease in contract liabilities		(10,723)	(77,226)	(45,451)
Net cash flows (used in)/from operating activities		(162,137)	(130,636)	32

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		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(7,328)	(8,603)	(1,102)
Proceeds from disposal of items of property, plant and equipment		1,268	656	–
Purchases of other intangible asset		(2,158)	(267)	(1,150)
Loans to third party		–	(14,760)	(9,630)
Receipt of repayment from loans to third party		–	–	24,390
Purchase of financial assets at fair value through profit or loss		(381,400)	(401,780)	(499,389)
Proceeds from financial assets at fair value through profit or loss		274,503	457,202	519,389
Placement of time deposits		–	–	(20,000)
Placement of debt investments measured at amortized cost		(10,936)	–	–
Proceeds from debt investments measured at amortized cost		–	88,968	44,323
Interest received		1,515	493	434
Net cash flows (used in)/from investing activities		(124,536)	121,909	57,265
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease payments	14	(11,369)	(8,952)	(8,357)
New interest-bearing bank borrowings		95,201	134,649	163,200
Repayment of interest-bearing bank borrowings		(85,900)	(93,750)	(143,600)
Interest paid		(1,634)	(3,060)	(3,426)
Payment of issue expense		–	–	(688)
Net cash flows (used in)/from financing activities		(3,702)	28,887	7,129

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		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Notes				
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(290,375)</u>	<u>20,160</u>	<u>64,426</u>
	Cash and cash equivalents at beginning of year	361,607	71,232	91,392
	CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>71,232</u>	<u>91,392</u>	<u>155,818</u>
	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
	Cash and bank balances	72,348	93,137	191,658
	Less: Restricted cash	1,116	1,745	15,840
	Time deposits	<u>–</u>	<u>–</u>	<u>20,000</u>
	Cash and cash equivalents as stated in the consolidated statements of cash flows	<u>71,232</u>	<u>91,392</u>	<u>155,818</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		Year ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	7,337	6,839	6,647
Right-of-use assets	14	13,178	7,086	9,531
Other intangible assets	15	5,321	1,395	1,849
Investments in subsidiaries	16	24,430	28,290	33,310
Prepayments, other receivables and other assets	22	1,688	5,488	954
Debt investments measured at amortized cost	20	42,741	–	–
Contract assets	19	1,216	1,318	4,890
Total non-current assets		95,911	50,416	57,181
CURRENT ASSETS				
Contract fulfillment costs	18	219,598	161,938	110,596
Trade and bills receivables	19	108,677	278,662	316,188
Contract assets	19	6,883	7,399	3,059
Prepayments, other receivables and other assets	22	61,690	74,562	56,901
Financial assets at fair value through profit or loss	21	108,910	35,647	17,152
Debt investments measured at amortized cost	20	77,113	44,173	–
Time deposits	23	–	–	20,000
Restricted cash	23	1,116	1,700	15,840
Cash and cash equivalents	23	67,931	88,049	146,291
Total current assets		651,918	692,130	686,027
CURRENT LIABILITIES				
Trade and bills payables	24	252,736	346,232	365,102
Other payables and accruals	25	73,875	105,845	57,738
Contract liabilities	26	160,775	86,867	48,635
Interest-bearing bank and other borrowings	27	78,361	119,294	138,878
Lease liabilities	14	3,843	7,230	6,825
Total current liabilities		569,590	665,468	617,178
NET CURRENT ASSETS		82,328	26,662	68,849
TOTAL ASSETS LESS CURRENT LIABILITIES		178,239	77,078	126,030

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		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
		Notes		
NON-CURRENT LIABILITIES				
Lease liabilities	14	10,433	3,203	6,487
Contract liabilities	26	6,670	3,842	282
Total non-current liabilities		17,103	7,045	6,769
Net assets		161,136	70,033	119,261
EQUITY				
Equity attributable to owners of the parent				
Share capital	28	133,754	133,754	133,754
Reserves	30	27,382	(63,721)	(14,493)
Total equity		161,136	70,033	119,261

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated on 23 August 2013 in the People’s Republic of China (the “**PRC**”). The registered office address of the Company is Room 605, Unit 031st Floor, Building 1, No.899 Zhonghua Road, Huangpu District, Shanghai, the PRC. On 15 August 2017, the Company was converted into a joint stock company with limited liability.

The Group is one of Chinese mainland’s specialized providers of intelligent information security solutions, with a focus on data security, cyber security and emerging security fields. Its solutions, primarily in data security and cyber security, are tailored to meet the needs of customers across diverse sectors, including telecommunications, energy and power, digital government, intelligent computing centers, commercial networks, industrial internet, vehicle networks and the Internet of Things.

As at the end of the Relevant Periods, Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Registered capital RMB’000	Percentage of equity attributable to the Company Direct %	Principal activities
Beijing Guan’an Information Technology Co., Ltd. (北京觀安信息技術有限公司)	(1)	PRC/Chinese mainland 6 Jan 2016	30,000	100	Cybersecurity and Data Security
Beijing Guan’an Energy Power Technology Co., Ltd. (北京觀安能源電力科技有限公司)	(1)	PRC/Chinese mainland 30 Aug 2021	10,000	100	Cybersecurity and Data Security
Suzhou Guan’an Information Technology Co., Ltd. (蘇州觀安信息技術有限公司)	(1)	PRC/Chinese mainland 8 May 2021	10,000	100	Cybersecurity and Data Security
Hefei Guan’an Information Technology Co., Ltd. (合肥觀安信息技術有限公司)	(1)	PRC/Chinese mainland 21 Jan 2019	2,000	100	Cybersecurity and Data Security
Wuhan Guan’an Information Technology Co., Ltd. (武漢觀安信息技術有限公司)	(1)	PRC/Chinese mainland 22 Jul 2021	2,000	100	Cybersecurity and Data Security
Guanzhu (Shanghai) Information Technology Co., Ltd. (觀助(上海)信息技術有限公司)	(1)	PRC/Chinese mainland 26 Mar 2019	2,000	100	Cybersecurity and Data Security
Shenzhen Guan’an Information Technology Co., Ltd. (深圳觀安信息技術有限公司)	(1)	PRC/Chinese mainland 22 Feb 2022	10,000	100	Cybersecurity and Data Security
Shanghai Guanji Information Technology Co., Ltd. (上海觀跡信息技術有限公司)	(1)	PRC/Chinese mainland 29 Nov 2021	10,000	100	Cybersecurity and Data Security
Beijing Guan’an Digital Information Technology Co., Ltd. (北京觀安數科信息技術有限公司)	(1)	PRC/Chinese mainland 26 Sept 2022	5,000	65	Cybersecurity and Data Security
Shanghai Guan’an Data Technology Co., Ltd. (上海觀安數據科技有限 公司)	(1)	PRC/Chinese mainland 28 Jun 2023	10,000	100	Cybersecurity and Data Security
Guizhou Guan’an Information Technology Co., Ltd. (貴州觀安信息技術有限公司)	(1)	PRC/Chinese mainland 6 Jun 2024	10,000	100	Cybersecurity and Data Security
Shanghai Guan’an Digital Shield Technology Co., Ltd. (上海觀安數盾 科技有限公司)	(1)	PRC/Chinese mainland 9 Jun 2025	5,000	100	Cybersecurity and Data Security

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The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

- (1) No audited financial statements have been prepared for these entities since their dates of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products and structural deposits, which have been measured at fair value.

For ordinary shares issued to [REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the [REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation priority, which are void ab initio as described in note 29 to the Historical Financial Information and having taken into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the [REDACTED] investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 29 to the Historical Financial Information.

Basis of consolidation

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

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

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

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

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

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

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

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

Further information about the IFRS 18 that is expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards.

The application of IFRS 18 will have no significant impact on the consolidated statements of financial position of the Group, but will impact the presentation of the consolidated statements of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of the new and revised IFRS Accounting Standards will have no material impact on the Group’s financial performance and financial position in foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures certain financial assets at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract fulfillment cost, contract assets, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

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- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	23.75% to 31.67%
Vehicles	23.75%
Electronic devices	31.67%
Other equipment	31.67%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 4 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables, contract assets and commercial acceptance bills receivable, which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

For trade receivables, contract assets and commercial acceptance bills receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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

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

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

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group’s financial liabilities include trade and bill payables, other payables and accruals, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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

After initial recognition, trade and other payables and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability and the difference between the respective carrying amounts is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue is recognized upon the completion of products to the counterparty as per contractual agreements.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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The following is a description of accounting policy for the revenue streams of the Group:

(a) Platforms

Revenue from platforms generated from the provision of data security solutions and cybersecurity solutions. Revenue from these products includes customized development of software products based on the requirements of customer and revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements.

(b) Standardized software

Revenue from standardized software generated from the provision of data security solutions and cybersecurity solutions. Revenue is recognized upon the completion of products to the counterparty as per contractual agreements. For those requiring installation and commissioning, revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as stipulated in the contract.

(c) Specialized services

Revenue from specialized services generated from the provision of data security solutions and cybersecurity solutions. Revenue from these services includes rendering regular maintenance service to customers. The Group provides product maintenance for customers, or delivers corresponding regular maintenance services in accordance with customer requirements and contractual agreements and revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements.

(d) Other solutions

Revenue from other solutions generated from customized solutions to clients through the integration of proprietary and third-party products and services based on specific industry needs, such as construction of intelligent computing centers, establishing comprehensive protection and monitoring systems, etc. Revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements. Certain sales contracts have sourcing obligation terms that the consideration payable to a customer associated with the satisfactory of sourcing obligation, which give rise to variable amount.

Other income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract fulfillment cost

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

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Other employee benefits

Pension schemes

The employees of the Group’s subsidiary which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Provision for expected credit losses on financial and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and commercial acceptance bills receivable. The provision rates are based on trade receivables, contract assets and commercial acceptance bills receivable aging for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in 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 a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 19 and note 35 to the Historical Financial Information.

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4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group’s operating segment separately for the purpose of making decisions about 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 information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

All the non-current assets of the Group are physically located in the Chinese mainland. The geographical location of customers is based on the location at which the customers operate and almost all of the revenue of the Group was derived from operations in the Chinese mainland during the Relevant Periods.

Information about major customers

External customer from which the revenue amounted to over 10% of the total revenue of the Group for each of the Relevant Periods was as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A**	182,302	297,649	259,112
Customer B	N/A*	N/A*	75,635

* Less than 10% of the Group’s revenue.

** Revenue attributable to “Customer A” represents the aggregate value of all sales made by the Group to any entity within the Customer A Group during the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers	516,199	659,136	707,655

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Revenue from contracts with customers

(a) Disaggregated revenue information

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Types of services				
Data security solutions				
– Platforms		84,242	127,325	148,520
– Standardized software		62,165	46,321	31,522
– Specialized services		73,129	108,170	117,172
Subtotal		219,536	281,816	297,214
Cybersecurity solutions				
– Platforms		45,513	88,195	90,597
– Standardized software		25,165	44,263	36,911
– Specialized services		183,441	195,933	212,175
Subtotal		254,119	328,391	339,683
Other solutions		42,544	48,929	70,758
Total		516,199	659,136	707,655
Geographical market				
Chinese mainland		515,969	656,983	703,921
Hong Kong		230	2,153	3,734
Total		516,199	659,136	707,655
Timing of revenue recognition				
Goods or services transferred at a point in time		516,199	659,136	707,655
Total		516,199	659,136	707,655

(b) Performance obligations

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of each of the reporting periods		128,862	131,344	85,639

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

Platforms

The performance obligation, which is to deliver a customised software platform, is satisfied at a point in time. Revenue is recognised upon the completion of the development project and the transfer of control of the platform to the customer, which occurs when formal customer acceptance is obtained as per the contractual agreement. The payment is generally due ranging from 15 to 180 days from delivery.

Standardized software

For standardized software that does not require installation and commissioning, the performance obligation is satisfied upon the transfer of products to the counterparty as per contractual agreements. For those requiring installation and commissioning, the performance obligation is satisfied upon the completion of the project and satisfactory acceptance by the counterparty as stipulated in the contract. The payment is generally due ranging from 15 to 180 days from delivery.

Specialized services

The performance obligation, which is to provide specialized services including data security solutions, cybersecurity solutions and regular maintenance services (such as product maintenance and other ongoing maintenance services in accordance with customer requirements and contractual agreements), is satisfied at a point in time. Revenue is recognised upon the completion of the service/project and the transfer of control of the service to the customer, which occurs when satisfactory acceptance by the counterparty is obtained as per the contractual agreements. The payment is generally due ranging from 15 to 180 days from completion/acceptance.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	500,515	443,993	318,948
After one year	141,705	75,751	62,967
Total	642,220	519,744	381,915

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Government grants	15,868	6,646	13,180
Value-added Tax (“VAT”) refund on software products	1,685	267	99
Interest income	5,697	2,654	584
Total other income	23,250	9,567	13,863
<u>Gains</u>			
Investment income from financial assets at fair value through profit and loss	2,012	2,173	1,551
Others	1,684	350	323
Total gains	3,696	2,523	1,874
Total other income and gains	26,946	12,090	15,737

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6. (LOSS)/PROFIT BEFORE TAX

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

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	Notes			
Cost of goods or services sold*		259,899	350,763	295,369
Depreciation of property, plant and equipment	13	9,655	7,130	6,139
Depreciation of right-of-use assets	14	11,851	10,285	7,909
Amortisation of other intangible assets	15	2,491	1,745	696
Research and development costs*		24,527	25,541	22,181
Lease payments not included in the measurement of lease liabilities	14	192	190	83
Impairment losses on financial and contract assets, net		1,675	7,296	9,417
Impairment losses on contract fulfillment costs	18	4,133	3,998	6,605
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses (including directors’ and supervisors’ remuneration (note 8)):				
– Wages, salaries and bonuses		219,371	209,826	219,360
– Share-based payments		2,042	3,485	1,779
– Pension scheme contributions and social welfare		50,518	45,880	54,706

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in “Depreciation of property, plant and equipment”, “Depreciation of right-of-use assets” and “Amortisation of other intangible assets”, respectively. The labor costs related to manufacturing and research and development for the Relevant Periods are included in “Employee benefit expense.”

7. FINANCE COSTS

An analysis of finance costs is as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Interest on bank borrowings		1,637	3,094	3,410
Interest on lease liabilities (note 14(b))		905	710	765
Total		2,542	3,804	4,175

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8. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

Directors’ and supervisors’ remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	171	171	171
Other emoluments:			
Salaries, allowances and benefits in kind	2,790	3,535	3,447
Performance related bonuses*	432	–	436
Pension scheme contributions	880	821	818
Share-based payments	263	384	500
Total	4,536	4,911	5,372

* Certain executive directors of the Company are entitled to bonus payments which are determined based on key performance indicators.

During the relevant periods, the Company granted restricted shares to certain directors under the employee incentive scheme in recognition of their services to the Group. Further details are set out in Note 29 to the Historical Financial Information. The fair values of these restricted shares, determined on the grant dates, were recognized in profit or loss over their vesting periods. The amounts of share-based payment expenses for the relevant periods are included in the above disclosures of directors’ remuneration.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Ms. Cao Xu (i)	57	57	57
Mr. Ye Yongdong (ii)	57	57	57
Ms. Ren Haichi (iii)	57	57	43
Mr. Wong Wai Leung (iv)	–	–	14
Total	171	171	171

- (i) On 25 September 2020, Ms. Cao Xu was appointed as independent non-executive director of the Company.
- (ii) On 2 December 2018, Mr. Ye Yongdong was appointed as independent non-executive director of the Company.
- (iii) On 2 December 2018, Ms. Ren Haichi was appointed as independent non-executive director of the Company. Ren Haichi resigned on 26 September 2025.
- (iv) On 26 September 2025, Mr. Wong Wai Leung was appointed as independent non-executive director of the Company.

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(b) Executive directors and supervisors

The remuneration of executive directors and supervisors of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors of the Company) for the Relevant Periods are set out as follows.

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Hu Shaoyong (i)	270	–	109	–	379
Mr. Zhang Zhaolong (ii)	126	144	–	–	270
Mr. Yi Xueqing (iv)	366	144	152	–	662
Mr. Xu Lu (v)	270	144	109	–	523
Mr. Yang Jibin (vi)	496	–	152	242	890
Subtotal	1,528	432	522	242	2,724
Supervisors:					
Ms. Li Jun (vii)	473	–	143	–	616
Mr. Zhang Weigang (viii)	306	–	109	21	436
Mr. Ge Weiling (ix)	483	–	106	–	589
Subtotal	1,262	–	358	21	1,641
Total	2,790	432	880	263	4,365

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Hu Shaoyong (i)	477	–	124	–	601
Mr. Zhang Zhaolong (ii)	306	–	–	–	306
Mr. Chen Yan (iii)	332	–	68	121	521
Mr. Yi Xueqing (iv)	222	–	37	–	259
Mr. Xu Lu (v)	477	–	124	–	601
Mr. Yang Jibin (vi)	484	–	135	242	861
Subtotal	2,298	–	488	363	3,149
Supervisors:					
Ms. Li Jun (vii)	449	–	137	–	586
Mr. Zhang Weigang (viii)	306	–	104	21	431
Mr. Ge Weiling (ix)	482	–	92	–	574
Subtotal	1,237	–	333	21	1,591
Total	3,535	–	821	384	4,740

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Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Hu Shaoyong (i)	546	–	132	–	678
Mr. Zhang Zhaolong (ii)	396	–	39	–	435
Mr. Chen Yan (iii)	664	144	137	242	1,187
Mr. Xu Lu (v)	545	–	132	–	677
Mr. Yang Jibin (vi)	388	144	134	242	908
Subtotal	2,539	288	574	484	3,885
Supervisors:					
Ms. Li Jun (vii)	363	12	103	–	478
Mr. Zhang Weigang (viii)	228	77	75	16	396
Mr. Ge Weiling (ix)	317	59	66	–	442
Subtotal	908	148	244	16	1,316
Total	3,447	436	818	500	5,201

- (i) On 6 August 2013, Mr. Hu Shaoyong was appointed as an executive director of the Company.
- (ii) On 20 May 2023, Mr. Zhang Zhaolong was appointed as an executive director of the Company.
- (iii) On 26 June 2024, Mr. Chen Yan was appointed as an executive director of the Company.
- (iv) On 22 November 2022, Mr. Yi Xueqing was appointed as an executive director of the Company. Mr. Yi Xueqing resigned on 26 June 2024.
- (v) On 28 October 2016, Mr. Xu Lu was appointed as an executive director of the Company.
- (vi) On 5 March 2020, Mr. Yang Jibin was appointed as an executive director of the Company.
- (vii) On 28 October 2016, Ms. Li Jun was appointed as a supervisor of the Company.
- (viii) On 10 August 2017, Mr. Zhang Weigang was appointed as a supervisor of the Company.
- (ix) On 28 October 2022, Mr. Ge Weiling was appointed as a supervisor of the Company.
- (x) Supervisory board of the Company was abolished On 26 September 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest-paid employees as of 31 December 2023, 2024 and 2025 included nil, one and one directors, respectively, with details of their remuneration set out in Note 8 above. Details of the remuneration for the remaining highest-paid employees, who are neither directors nor supervisors of the Company. For the relevant periods are presented as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,493	3,111	2,989
Performance related bonuses	110	–	630
Pension scheme contributions	651	509	509
Share-based payments	726	242	–
Total	4,980	3,862	4,128

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

	Number of employees		
	As at 31 December		
	2023	2024	2025
RMB Nil to RMB1,000,000	2	2	2
RMB1,000,001 to RMB1,500,000	3	2	2
Total	5	4	4

During the Relevant Periods, restricted shares were granted to the above non-direct and non-supervisor highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial information. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the share-based payment expenses is included in the above non-direct and non-supervisor highest paid employees’ remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The subsidiaries incorporated in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to preferential tax set out below:

Shanghai Guan An Information Technology Co., Ltd. was granted the qualification of High and New Technology Enterprise (“HNTe”) with a preferential corporate income tax rate of 15% for three years starting from 14 December 2022. The Company was approved to extend for another three years on 25 December 2025 and was subject to a preferential income tax rate of 15% for three years.

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Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation. Pursuant to the policy announced by the PRC State Administration of Taxation, for the period from 1 January 2022 to 31 December 2027, the annual taxable income of a Small-Scaled Minimal Profit Enterprise shall be computed at a reduced rate of 25% as taxable income and shall be levied at a reduced tax rate of 20%.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	–	–	–
Deferred income tax	–	–	–
Total tax charge for the year	–	–	–

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Loss)/profit before tax	(125,453)	(93,743)	20,153
Tax at the statutory tax rate	(31,363)	(23,436)	5,038
Effect of preferential tax rates of certain subsidiaries	19,196	14,329	1,135
Expenses not deductible for tax (a)	2,300	1,967	1,794
Super deduction on research and development expenses (b)	(9,727)	(6,417)	(6,715)
Tax losses and deductible temporary differences not recognised	19,594	13,557	3,963
Tax losses utilised from previous years	–	–	(5,215)
Total tax charge for the year	–	–	–

(a) Expenses not deductible for tax mainly include the non-deductible business entertainment.

(b) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their qualified research and development costs as tax deductible expenses when determining their assessable profits for the Relevant Periods.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

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12. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/profit per share is based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 133,753,600, 133,753,600 and 133,753,600, respectively in issue, during the year ended 31 December 2023, 2024 and 2025.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit			
(Loss)/profit attributable to ordinary equity holders of the parent			
(RMB'000)	(124,554)	(93,415)	20,162
Weighted average number ('000) of ordinary shares in issue during the year	133,754	133,754	133,754
(Loss)/profit per share			
Basic and diluted (RMB)	(0.93)	(0.70)	0.15

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:						
Cost	7,936	1,033	1,286	283	18,303	28,841
Accumulated depreciation	(5,602)	(514)	(931)	(105)	(6,803)	(13,955)
Net carrying amount	2,334	519	355	178	11,500	14,886
At 1 January 2023, net of accumulated depreciation	2,334	519	355	178	11,500	14,886
Additions	1,210	440	135	52	5,491	7,328
Disposals	(1,387)	–	(14)	(8)	–	(1,409)
Depreciation provided during the year	(789)	(271)	(139)	(80)	(8,376)	(9,655)
At 31 December 2023, net of accumulated depreciation	1,368	688	337	142	8,615	11,150
At 31 December 2023:						
Cost	6,606	1,473	1,404	304	23,794	33,581
Accumulated depreciation	(5,238)	(785)	(1,067)	(162)	(15,179)	(22,431)
Net carrying amount	1,368	688	337	142	8,615	11,150

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	<u>Machinery</u>	<u>Vehicles</u>	<u>Electronic devices</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:						
Cost	6,606	1,473	1,404	304	23,794	33,581
Accumulated depreciation	(5,238)	(785)	(1,067)	(162)	(15,179)	(22,431)
Net carrying amount	<u>1,368</u>	<u>688</u>	<u>337</u>	<u>142</u>	<u>8,615</u>	<u>11,150</u>
At 1 January 2024, net of accumulated depreciation	1,368	688	337	142	8,615	11,150
Additions	–	–	861	–	3,942	4,803
Disposals	(874)	–	–	–	–	(874)
Depreciation provided during the year	(134)	(244)	(667)	(78)	(6,007)	(7,130)
At 31 December 2024, net of accumulated depreciation	<u>360</u>	<u>444</u>	<u>531</u>	<u>64</u>	<u>6,550</u>	<u>7,949</u>
At 31 December 2024:						
Cost	5,630	1,473	2,265	304	27,736	37,408
Accumulated depreciation	(5,270)	(1,029)	(1,734)	(240)	(21,186)	(29,459)
Net carrying amount	<u>360</u>	<u>444</u>	<u>531</u>	<u>64</u>	<u>6,550</u>	<u>7,949</u>
	<u>Machinery</u>	<u>Vehicles</u>	<u>Electronic devices</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025:						
Cost	5,630	1,473	2,265	304	27,736	37,408
Accumulated depreciation	(5,270)	(1,029)	(1,734)	(240)	(21,186)	(29,459)
Net carrying amount	<u>360</u>	<u>444</u>	<u>531</u>	<u>64</u>	<u>6,550</u>	<u>7,949</u>
At 1 January 2025, net of accumulated depreciation	360	444	531	64	6,550	7,949
Additions	–	–	103	16	4,783	4,902
Disposals	(14)	–	–	–	–	(14)
Depreciation provided during the year	(60)	(210)	(272)	(43)	(5,554)	(6,139)
At 31 December 2025, net of accumulated depreciation	<u>286</u>	<u>234</u>	<u>362</u>	<u>37</u>	<u>5,779</u>	<u>6,698</u>
At 31 December 2025:						
Cost	5,616	1,473	2,368	320	32,519	42,296
Accumulated depreciation	(5,330)	(1,239)	(2,006)	(283)	(26,740)	(35,598)
Net carrying amount	<u>286</u>	<u>234</u>	<u>362</u>	<u>37</u>	<u>5,779</u>	<u>6,698</u>

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The Company

	<u>Machinery</u>	<u>Vehicles</u>	<u>Electronic devices</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:						
Cost	7,936	674	1,286	16	8,978	18,890
Accumulated depreciation	(5,602)	(447)	(931)	(7)	(5,054)	(12,041)
Net carrying amount	<u>2,334</u>	<u>227</u>	<u>355</u>	<u>9</u>	<u>3,924</u>	<u>6,849</u>
At 1 January 2023, net of accumulated depreciation	2,334	227	355	9	3,924	6,849
Additions	1,210	440	135	52	5,489	7,326
Disposals	(1,387)	–	(14)	–	–	(1,401)
Depreciation provided during the year	(789)	(188)	(139)	(13)	(4,308)	(5,437)
At 31 December 2023, net of accumulated depreciation	<u>1,368</u>	<u>479</u>	<u>337</u>	<u>48</u>	<u>5,105</u>	<u>7,337</u>
At 31 December 2023:						
Cost	6,606	1,115	1,404	68	14,468	23,661
Accumulated depreciation	(5,238)	(636)	(1,067)	(20)	(9,363)	(16,324)
Net carrying amount	<u>1,368</u>	<u>479</u>	<u>337</u>	<u>48</u>	<u>5,105</u>	<u>7,337</u>
	<u>Machinery</u>	<u>Vehicles</u>	<u>Electronic devices</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:						
Cost	6,606	1,115	1,404	68	14,468	23,661
Accumulated depreciation	(5,238)	(636)	(1,067)	(20)	(9,363)	(16,324)
Net carrying amount	<u>1,368</u>	<u>479</u>	<u>337</u>	<u>48</u>	<u>5,105</u>	<u>7,337</u>
At 1 January 2024, net of accumulated depreciation	1,368	479	337	48	5,105	7,337
Additions	–	–	861	–	3,942	4,803
Disposals	(874)	–	–	–	–	(874)
Depreciation provided during the year	(134)	(159)	(667)	(20)	(3,447)	(4,427)
At 31 December 2024, net of accumulated depreciation	<u>360</u>	<u>320</u>	<u>531</u>	<u>28</u>	<u>5,600</u>	<u>6,839</u>
At 31 December 2024:						
Cost	5,630	1,115	2,265	68	18,410	27,488
Accumulated depreciation	(5,270)	(795)	(1,734)	(40)	(12,810)	(20,649)
Net carrying amount	<u>360</u>	<u>320</u>	<u>531</u>	<u>28</u>	<u>5,600</u>	<u>6,839</u>

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	Machinery	Vehicles	Electronic devices	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:						
Cost	5,630	1,115	2,265	68	18,410	27,488
Accumulated depreciation	(5,270)	(795)	(1,734)	(40)	(12,810)	(20,649)
Net carrying amount	<u>360</u>	<u>320</u>	<u>531</u>	<u>28</u>	<u>5,600</u>	<u>6,839</u>
At 1 January 2025, net of accumulated depreciation	360	320	531	28	5,600	6,839
Additions	–	–	102	16	4,783	4,901
Disposals	(14)	–	–	–	–	(14)
Depreciation provided during the year	<u>(60)</u>	<u>(124)</u>	<u>(272)</u>	<u>(19)</u>	<u>(4,604)</u>	<u>(5,079)</u>
At 31 December 2025, net of accumulated depreciation	<u>286</u>	<u>196</u>	<u>361</u>	<u>25</u>	<u>5,779</u>	<u>6,647</u>
At 31 December 2025:						
Cost	5,616	1,115	2,367	84	23,193	32,375
Accumulated depreciation	<u>(5,330)</u>	<u>(919)</u>	<u>(2,006)</u>	<u>(59)</u>	<u>(17,414)</u>	<u>(25,728)</u>
Net carrying amount	<u>286</u>	<u>196</u>	<u>361</u>	<u>25</u>	<u>5,779</u>	<u>6,647</u>

14. LEASES

The Group as lessee

The Group has lease contracts for various items of buildings used in its operations.

(a) Right-of-use assets

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

The Group

	Buildings
	RMB'000
At 1 January 2023	16,074
Additions	14,525
Depreciation charge	<u>(11,851)</u>
At 31 December 2023	<u>18,748</u>
At 1 January 2024	18,748
Additions	1,217
Depreciation charge	<u>(10,285)</u>
At 31 December 2024	<u>9,680</u>
At 1 January 2025	9,680
Additions	8,208
Depreciation charge	<u>(7,909)</u>
At 31 December 2025	<u>9,979</u>

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The Company

	Buildings
	<i>RMB’000</i>
At 1 January 2023	5,627
Additions	14,525
Depreciation charge	(6,974)
At 31 December 2023	<u>13,178</u>
At 1 January 2024	13,178
Depreciation charge	(6,092)
At 31 December 2024	<u>7,086</u>
At 1 January 2025	7,086
Additions	8,208
Depreciation charge	(5,763)
As at 31 December 2025	<u>9,531</u>

(b) Lease liabilities

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

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at 1 January	16,139	20,200	13,175
New leases	14,525	1,217	8,208
Accretion of interest recognised during the year	905	710	765
Payments	(11,369)	(8,952)	(8,357)
Carrying amount at 31 December	<u>20,200</u>	<u>13,175</u>	<u>13,791</u>
Analysed into:			
Current portion	8,228	9,494	6,948
Non-current portion	<u>11,972</u>	<u>3,681</u>	<u>6,843</u>

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The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,203	14,276	10,433
New leases	14,525	–	8,208
Accretion of interest recognised during the year	502	491	715
Payments	(5,954)	(4,334)	(6,044)
Carrying amount at 31 December	14,276	10,433	13,312
Analysed into:			
Current portion	3,843	7,230	6,825
Non-current portion	10,433	3,203	6,487

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	905	710	765
Expense relating to leases of low-value assets	192	190	83
Depreciation charge of right-of-use assets	11,851	10,285	7,909
Total amount recognised in profit or loss	12,948	11,185	8,757

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	502	491	715
Expense relating to leases of low-value assets	71	16	–
Depreciation charge of right-of-use assets	6,974	6,092	5,763
Total amount recognised in profit or loss	7,547	6,599	6,478

(d) The total cash outflow for leases is disclosed in note 31 to the Historical Financial Information.

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15. OTHER INTANGIBLE ASSETS

The Group and the Company

	Software
	<i>RMB’000</i>
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	5,654
Additions	2,158
Amortisation provided during the year	(2,491)
At 31 December 2023	5,321
At 31 December 2023 and 1 January 2024	
Cost	22,008
Accumulated amortisation	(16,687)
Net carrying amount	5,321
At 31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	5,321
Additions	267
Disposals	(2,448)
Amortisation provided during the year	(1,745)
Net carrying amount	1,395
At 31 December 2024 and 1 January 2025	
Cost	18,474
Accumulated amortisation	(17,079)
Net carrying amount	1,395
At 31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,395
Additions	1,150
Amortisation provided during the year	(696)
Net carrying amount	1,849
At 31 December 2025	
Cost	19,624
Accumulated amortisation	(17,775)
Net carrying amount	1,849

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16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost	66,430	70,290	75,310
Impairment losses	(42,000)	(42,000)	(42,000)
Investments in subsidiaries	<u>24,430</u>	<u>28,290</u>	<u>33,310</u>

* The Company fully impaired investments in certain subsidiaries with relevant impairment losses of RMB42 million.

17. DEFERRED TAX

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

The Group

Deferred tax assets

	Lease liabilities
	RMB'000
Gross deferred tax assets at 1 January 2023	1,400
Deferred tax credited to profit or loss	<u>872</u>
Gross deferred tax assets at 31 December 2023 and 1 January 2024	2,272
Deferred tax charged to profit or loss	<u>(1,057)</u>
Gross deferred tax assets at 31 December 2024 and 1 January 2025	1,215
Deferred tax credited to profit or loss	<u>263</u>
Gross deferred tax assets at 31 December 2025	<u><u>1,478</u></u>

Deferred tax liabilities

	Right-of-use assets	Fair value adjustments arising from financial assets	Total
	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2023	1,397	3	1,400
Deferred tax charged to profit or loss	<u>858</u>	<u>14</u>	<u>872</u>
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	2,255	17	2,272
Deferred tax (credited)/charged to profit or loss	<u>(1,064)</u>	<u>7</u>	<u>(1,057)</u>
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	1,191	24	1,215
Deferred tax charged to profit or loss	<u>261</u>	<u>2</u>	<u>263</u>
Gross deferred tax liabilities at 31 December 2025	<u><u>1,452</u></u>	<u><u>26</u></u>	<u><u>1,478</u></u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,272	1,215	1,478
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,272	1,215	1,478
Total	–	–	–

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	1,067,473	1,150,042	1,131,057
Deductible temporary differences	19,115	29,148	45,104
Total	1,086,588	1,179,190	1,176,161

As at 31 December 2023, 2024 and 2025, deferred tax assets that have not been recognised in respect of tax losses of RMB1,067,473,000, RMB1,150,042,000 and RMB1,131,057,000 arising in Chinese mainland, respectively, will expire in one to five or ten years and may be used to offset future taxable profits.

The Company

As at 31 December 2023, 2024 and 2025, the Company has tax losses arising in Chinese mainland of RMB852,657,000, RMB919,096,000 and RMB884,332,000, respectively, which will expire in one to ten years and may be used to offset future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that sufficient taxable profits will be available in the future to utilise these losses.

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18. CONTRACT FULFILLMENT COST

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract fulfillment cost	229,206	168,633	114,621
Less: impairment losses of contract fulfillment costs	(5,913)	(5,468)	(6,605)
Total	223,293	163,165	108,016

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract fulfillment cost	225,511	167,406	117,201
Less: impairment losses of contract fulfillment costs	(5,913)	(5,468)	(6,605)
Total	219,598	161,938	110,596

As at 31 December 2023, 2024 and 2025, contract fulfillment costs are stated at the lower of cost and net realisable value.

The movements in provision

The Group and the Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	7,133	5,913	5,468
Impairment losses recognised (<i>note 6</i>)	4,133	3,998	6,605
Amounts written off for inventory sold	(5,353)	(4,443)	(5,468)
Carrying amount at 31 December	5,913	5,468	6,605

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19. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Contract assets	1,336	1,470	4,941
Less: Impairment losses	(120)	(152)	(51)
Subtotal	1,216	1,318	4,890
Current:			
Trade receivables	107,986	288,013	336,788
Contract assets	7,333	8,259	3,344
Commercial acceptance bills	7,054	1,678	392
Bank acceptance notes	—	483	—
Less: Impairment losses	122,373 (2,499)	298,433 (8,333)	340,524 (18,592)
Subtotal	119,874	290,100	321,932
Total	121,090	291,418	326,822

The Group’s trading terms with its customers are mainly on credit. The credit period is generally due within 15 to 180 days for the remaining on credit customers. The Group seeks to maintain strict control over its outstanding receivables through dedicated management oversight to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables, contract assets, commercial acceptance bills and bank acceptance notes of the Group as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within three months	70,561	230,039	210,502
Over three months and within six months	9,557	15,406	47,575
Over six months and within one year	15,781	13,070	7,244
Over one year and within two years	22,812	16,342	48,398
Over two years and within three years	2,379	16,561	5,103
Over three years	—	—	8,000
Total	121,090	291,418	326,822

The Group’s bank acceptance notes receivable with ageing within six months were not past due. Bank acceptance notes receivable is considered as having very low credit risk and the loss allowance is assessed to be minimal.

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The movements in the loss allowance for impairment of trade receivables, commercial acceptance bills and contract assets are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	523	2,619	8,485
Impairment losses, net (note 6)	2,096	5,866	10,158
At end of year	2,619	8,485	18,643

The Group applies the simplified approach in calculating ECLs for trade receivables, contract assets and commercial acceptance bills receivable, which are grouped and collectively assessed for impairment allowance. Trade receivables relating to customers that do not share similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables, commercial acceptance bills and contract assets using a provision matrix:

	As at 31 December 2023						Total
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
On a collective basis:							
Expected credit loss rate	0.17%	0.45%	1.25%	3.03%	15.88%	100.00%	2.12%
Gross carrying amount (RMB'000)	70,683	9,600	15,980	23,524	2,828	1,094	123,709
Expected credit losses (RMB'000)	122	43	199	712	449	1,094	2,619

	As at 31 December 2024						Total
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
On a collective basis:							
Expected credit loss rate	0.51%	0.91%	1.88%	4.31%	21.41%	100.00%	2.83%
Gross carrying amount (RMB'000)	231,209	15,547	13,320	17,078	21,073	1,676	299,903
Expected credit losses (RMB'000)	1,170	141	250	736	4,512	1,676	8,485

	As at 31 December 2025						Total
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
On a collective basis:							
Expected credit loss rate	0.64%	1.30%	3.12%	10.00%	27.86%	100.00%	3.52%
Gross carrying amount (RMB'000)	211,866	48,202	7,477	53,776	7,074	2,071	330,466
Expected credit losses (RMB'000)	1,364	627	233	5,378	1,971	2,071	11,644

On an individual basis:							
Expected credit loss rate							46.66%
Gross carrying amount (RMB'000)							14,999
Expected credit losses (RMB'000)							6,999

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Contract assets	1,336	1,470	4,941
Less: Impairment losses	(120)	(152)	(51)
Subtotal	1,216	1,318	4,890
Current:			
Trade receivables	103,967	282,500	333,889
Contract assets	6,889	7,448	3,091
Due from a subsidiary	–	1,230	–
Commercial acceptance bills	7,054	1,678	392
Bank acceptance notes	–	483	–
	117,910	293,339	337,372
Less: Impairment losses	(2,350)	(7,278)	(18,125)
Subtotal	115,560	286,061	319,247
Total	116,776	287,379	324,137

An ageing analysis of the trade receivables, contract assets, commercial acceptance bills and bank acceptance notes of the Company as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within three months	70,518	230,131	200,003
Over three months and within six months	9,557	15,406	47,575
Over six months and within one year	15,361	12,259	15,194
Over one year and within two years	18,961	16,342	47,807
Over two years and within three years	2,379	13,241	5,558
Over three years	–	–	8,000
Total	116,776	287,379	324,137

The movements in the loss allowance for impairment of trade receivables, commercial acceptance bills, due from a subsidiary and contract assets are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	518	2,470	7,430
Impairment losses, net	1,952	4,960	10,746
At end of year	2,470	7,430	18,176

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Set out below is the information about the credit risk exposure on the Company’s trade receivables, commercial acceptance bills, due from a subsidiary and contract assets, using a provision matrix:

As at 31 December 2023							
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
On a collective basis:							
Expected credit loss rate	0.21%	0.45%	1.13%	2.88%	15.88%	100.00%	2.07%
Gross carrying amount (RMB'000)	70,664	9,600	15,536	19,524	2,828	1,094	119,246
Expected credit losses (RMB'000)	146	43	175	563	449	1,094	2,470
As at 31 December 2024							
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
On a collective basis:							
Expected credit loss rate	0.38%	0.91%	2.00%	4.31%	22.08%	100.00%	2.53%
Gross carrying amount (RMB'000)	231,005	15,547	12,509	17,078	16,994	1,676	294,809
Expected credit losses (RMB'000)	874	141	250	736	3,753	1,676	7,430
As at 31 December 2025							
	Within 3 months	Over 3 months and within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
On a collective basis:							
Expected credit loss rate	0.61%	1.30%	2.04%	10.09%	26.18%	100.00%	3.41%
Gross carrying amount (RMB'000)	201,230	48,202	15,510	53,172	7,529	1,671	327,314
Expected credit losses (RMB'000)	1,227	627	316	5,365	1,971	1,671	11,177
On an individual basis:							
Expected credit loss rate							46.66%
Gross carrying amount (RMB'000)							14,999
Expected credit losses (RMB'000)							6,999

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20. DEBT INVESTMENTS MEASURED AT AMORTIZED COST

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Certificate of deposits	42,741	–	–
Current:			
Certificate of deposits	88,237	44,173	–
Total	130,978	44,173	–

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Certificate of deposits	42,741	–	–
Current:			
Certificate of deposits	77,113	44,173	–
Total	119,854	44,173	–

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products	28,843	35,647	17,152
Structure deposits	80,067	20,014	20,060
Total	108,910	55,661	37,212

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products	28,843	35,647	17,152
Structure deposits	80,067	–	–
Total	108,910	35,647	17,152

The structured deposits issued by banks in Chinese mainland are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Prepayments for lease improvements	–	3,800	–
Deposits	1,688	1,724	1,056
Total	1,688	5,524	1,056
Current assets			
Prepayments to suppliers	13,270	6,941	16,059
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other tax recoverable	75	38	–
Deposits	7,968	8,345	7,142
Loans to third party	–	14,760	–
Other receivables	–	–	616
Impairment allowance	(1,462)	(2,831)	(1,791)
Total	19,851	27,253	23,190

The Group performs impairment assessment under the ECL model on other receivables and deposits, which are subject to impairment assessment under IFRS 9. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The balances are interest-free and are not secured with collateral.

The movements in the impairment allowance of the group for other receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	1,883	1,462	2,831
Impairment losses, net	(421)	1,430	(741)
Amount written off as uncollectible	–	(61)	(299)
At end of year	1,462	2,831	1,791

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current assets			
Prepayments for lease improvements	–	3,800	–
Deposits	1,688	1,688	954
Total	1,688	5,488	954
Current assets			
Prepayments to suppliers	12,878	5,966	15,946
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	6,655	5,785	7,037
Due from subsidiaries	254,219	311,758	299,226
Loans to third party	–	14,760	–
Other receivables	–	–	609
Impairment allowance	(212,062)	(263,707)	(267,081)
Total	61,690	74,562	56,901

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in the impairment allowance of the group for other receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	149,178	212,062	263,707
Impairment losses, net	62,884	51,679	3,673
Amount written off as uncollectible	–	(34)	(299)
At end of year	212,062	263,707	267,081

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	71,232	91,392	155,818
Time deposits	–	–	20,000
Restricted cash	1,116	1,745	15,840
Total	72,348	93,137	191,658
Cash and cash equivalents Denominated in: RMB	71,232	91,392	155,818
Time deposits and restricted cash Denominated in: RMB	1,116	1,745	35,840

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As at 31 December 2023, 2024 and 2025, restricted cash of RMB1,116,000, RMB1,745,000 and RMB9,605,000, respectively, was held as security for bank acceptances payable, letters of credit and bank guarantee letters related to sales contracts.

As at 31 December 2025, restricted cash of RMB6,235,000 was frozen by courts due to ongoing litigations.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	67,931	88,049	146,291
Time deposits	–	–	20,000
Restricted cash	1,116	1,700	15,840
Total	69,047	89,749	182,131
Cash and cash equivalents			
Denominated in: RMB	67,931	88,049	146,291
Time deposits and restricted cash			
Denominated in: RMB	1,116	1,700	35,840

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

24. TRADE AND BILL PAYABLES

An ageing analysis of the trade and bill payables based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	129,164	212,217	224,466
1 to 2 years	35,523	29,787	76,845
2 to 3 years	10,919	20,405	16,794
Over 3 years	3,655	7,011	13,228
Total	179,261	269,420	331,333

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	202,681	290,382	261,481
1 to 2 years	35,497	28,434	74,674
2 to 3 years	10,903	20,405	15,719
Over 3 years	3,655	7,011	13,228
Total	252,736	346,232	365,102

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The trade and bill payables are non-interest-bearing and are normally settled within 30 to 180 days upon receipt of the VAT invoice.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payable	50,683	34,450	27,212
Other tax payables	24,322	25,661	14,304
Accrued expenses	6,016	8,574	5,764
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Consideration payable	–	44,340	8,764
Others	7,053	4,444	6,782
Total	88,074	117,469	66,000

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payable	40,373	27,898	20,595
Other tax payables	23,089	23,284	15,050
Accrued expenses	3,869	6,523	4,017
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Consideration payable	–	44,340	8,764
Others	6,544	3,800	6,138
Total	73,875	105,845	57,738

Consideration payable attributed from an unfulfilled customer sourcing obligation for the Intelligent Computing Project.

Other payables are non-interest-bearing, unsecured and repayable on demand.

26. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Platforms	253	108	–
Standardized software	1,298	1,556	28
Specialized services	5,581	3,077	254
Current:			
Platforms	102,552	58,189	25,137
Standardized software	49,728	19,968	7,194
Specialized services	12,586	11,874	16,708
Total	171,998	94,772	49,321

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Platforms	253	108	–
Standardized software	1,298	689	28
Specialized services	5,119	3,045	254
Current:			
Platforms	99,631	55,603	25,137
Standardized software	49,728	19,898	7,125
Specialized services	11,416	11,366	16,373
Total	167,445	90,709	48,917

Contract liabilities represented advances received to deliver goods and services. The changes in contract liabilities in the Relevant Periods were primarily driven by the progressive delivery of security solutions, as corresponding amounts were carried forward to revenue upon satisfaction of performance obligations.

27. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	2.70-2.80	2024	78,361
	31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	2.70-2.80	2025	119,294
	31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans-unsecured	2.20-2.70	2026	138,878
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year	78,361	119,294	138,878

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28. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Issued and fully paid: Share capital	133,754	133,754	133,754

A summary of movements in the Company’s share capital is as follows:

	Number of shares in issue	Share capital RMB’000
At 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	[REDACTED]	133,754

Pursuant to a series of shareholders’ agreement, the Company issued ordinary shares to certain investors (the “[REDACTED] Investors”) for total net cash proceeds of approximately RMB205,200,000 (the “[REDACTED] Investments”). In connection with the [REDACTED] investments, the [REDACTED] Investors have been granted certain special rights, including, among others, repurchase and redemption rights, liquidation preferences, information rights, anti-dilution rights, right of first refusal and drag-along rights (“Special Rights”). There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

A supplemental agreement was subsequently entered into by the Company and the [REDACTED] Investors, pursuant to which the Special Rights have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreement, the directors considered that it is appropriate to present the [REDACTED] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the [REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreement redemption liabilities and net assets would have been:

	31 December 2023	31 December 2024	31 December 2025
	RMB’000	RMB’000	RMB’000
Redemption financial liabilities	176,516	186,476	236,436
Total current liabilities	695,306	792,184	828,634
Net liabilities	(1,033)	(101,251)	(129,279)

The finance costs associated with the redemption financial liabilities, the net (loss)/profit, basic and diluted (loss)/profit per share would have been:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finance costs associated with the redemption financial liabilities	(9,960)	(9,960)	(9,960)
(Loss)/profit for the year	(135,413)	(103,703)	10,193
Basic and diluted (loss)/profit per share	(1.01)	(0.77)	0.08

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29. SHARE-BASED PAYMENTS

An employee incentive scheme (the “**Scheme**”) was adopted on 3 August 2017 for the purpose of providing incentives to selected eligible employees. Under the Scheme, an aggregate of 360,000 restricted shares were granted to participants at a subscription price of RMB8.3498 per share.

Shanghai Zhixian Enterprise Management Partnership (Limited Partnership) (上海智顯企業管理合夥企業(有限合夥)) and Shanghai Guanneng Enterprise Management Partnership (Limited Partnership) (上海觀能企業管理合夥企業(有限合夥)), were respectively established in the PRC in October 2016 and December 2017 as the Company’s incentive platform for management. Under the incentive plan, these granted restricted shares of the Company will vest from the date when grantees indirectly hold the equity of the Company through the platforms to the end of the 3-year lock-up period after the date of the Company’s [REDACTED]. The fair value of the restricted shares granted to employees as at the grant date were determined using the recent transaction price .

Movements in the number of restricted share units granted during the Relevant Periods were as follows:

	Grant date fair value	Number of shares
	<i>RMB per share</i>	<i>'000</i>
At 1 January 2023	81.22	360
Vested	81.22	12
At 31 December 2023	81.22	348
At 1 January 2024	81.22	348
Vested	81.22	46
At 31 December 2024	81.22	302
At 1 January and 31 December 2025	81.22	302

Share-based payment expenses relating to employees recognised for the year ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales	41	41	41
Administrative expenses	836	2,279	573
Selling expenses	640	640	640
Research and development expenses	525	525	525
Total	2,042	3,485	1,779

30. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statement of changes in equity of the Historical Financial Information.

(a) Share premium

The share premium of the Group mainly represents the premium in issuing shares.

(b) Share-based payment reserve

The share-based payment reserve represents the share-based compensation reserve due to equity-settled share awards, detail of which were set out in note 29 to the Historical Financial Information.

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The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented below:

	Share premium reserve	Share-based payment reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As 1 January 2023	899,531	10,890	(749,699)	160,722
Total comprehensive loss for the year	–	–	(135,382)	(135,382)
Share-based payments	–	2,042	–	2,042
At 31 December 2023 and 1 January 2024	899,531	12,932	(885,081)	27,382
Total comprehensive loss for the year	–	–	(94,588)	(94,588)
Share-based payments	–	3,485	–	3,485
As at 31 December 2024 and 1 January 2025	899,531	16,417	(979,669)	(63,721)
Total comprehensive income for the year	–	–	47,449	47,449
Share-based payments	–	1,779	–	1,779
As at 31 December 2025	899,531	18,196	(932,220)	(14,493)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group recorded non-cash increases in right-of-use assets and lease liabilities amounting to RMB14,525,000, RMB1,217,000 and RMB8,208,000, respectively, in relation to building lease arrangements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	[REDACTED] payable	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 31 January 2023	69,057	16,139	–	85,196
Changes from financing cash flows	7,667	(11,369)	–	(3,702)
New leases	–	14,525	–	14,525
Interest expense	1,637	905	–	2,542
At 31 December 2023	78,361	20,200	–	98,561
Changes from financing cash flows	37,839	(8,952)	–	28,887
New leases	–	1,217	–	1,217
Interest expense	3,094	710	–	3,804
At 31 December 2024	119,294	13,175	–	132,469
Changes from financing cash flows	16,174	(8,357)	(688)	7,129
New leases	–	8,208	–	8,208
Interest expense	3,410	765	–	4,175
Share issue costs accrued	–	–	1,164	1,164
At 31 December 2025	138,878	13,791	476	153,145

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(c) **Total cash outflow for leases**

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

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within operating activities	192	190	83
Within financing activities	11,369	8,952	8,357
Total	11,561	9,142	8,440

32. RELATED PARTY TRANSACTIONS

The Group

(a) *Compensation of key management personnel of the Group*

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	171	171	171
Salaries, allowances and benefits in kind	2,790	3,535	3,447
Performance related bonuses	432	–	436
Pension scheme contributions	880	821	818
Share-based payments	263	384	500
Total	4,536	4,911	5,372

Further details of directors’ and supervisors’ emoluments are included in note 8 to Historical Financial Information.

(b) *Redemption rights of the [REDACTED] Investors granted by the founder shareholders (the “Founders Redemption Right”)*

The [REDACTED] Investors had been granted the redemption right by the founder shareholders. The Company is not a party to Founders Redemption Right. Pursuant to another supplemental agreement entered into by the Company and the [REDACTED] Investors in 2026, the Founders Redemption Right was terminated prior to the first submission of the [REDACTED] to the Stock Exchange.

The Company has not provided any form of guarantee in connection with any potential failure of the founder shareholders to fulfill their obligations relating to the redemption rights granted by founder shareholders. Accordingly, no financial liability regarding redemption rights granted by founder shareholders was recorded by the Company during the Relevant Periods.

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The Company

Outstanding balances with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
Amount due from a subsidiary	—	1,230	—
Trade payables			
Amounts due to subsidiaries	75,458	83,687	39,040
Other receivables			
Amounts due from subsidiaries	254,219	311,758	299,226

The amounts were unsecured, interest-free, repayable on demand and denominated in RMB.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade and bills receivables	112,547	281,890	318,620
Financial assets included in prepayments, other receivables and other assets	8,194	21,998	7,023
Debt investment measured at amortized cost	130,978	44,173	—
Time deposits	—	—	20,000
Restricted cash	1,116	1,745	15,840
Cash and cash equivalents	71,232	91,392	155,818
Subtotal	324,067	441,198	517,301
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	108,910	55,661	37,212
Total	432,977	496,859	554,513

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Financial liabilities

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost:			
Trade and bills payables	179,261	269,420	331,333
Financial liabilities included in other payables and accruals	13,069	57,358	24,484
Lease liabilities	20,200	13,175	13,791
Interest-bearing bank borrowings	78,361	119,294	138,878
Total	289,410	456,044	508,486

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bill payables, financial liabilities included in other payables and accruals, current portion of lease liabilities and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group’s finance department headed by management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by senior management.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group invests in financial assets measured at fair value through profit or loss, which primarily include wealth management products and structured deposits issued by banks and securities companies in Chinese mainland. The fair values of these wealth management products and structured deposits are based on the net asset values announced by the respective banks and securities companies as of 31 December 2023, 2024 and 2025.

The following methods and assumptions were used to estimate the fair values:

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets	Significant Observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	108,910	–
	–	108,910	–

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As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets	Significant Observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
Total			
Financial assets at fair value through profit or loss	–	55,661	–
			55,661

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets	Significant Observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
Total			
Financial assets at fair value through profit or loss	–	37,212	–
			37,212

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments financial assets at fair value through profit or loss, debt investments time deposits, restricted cash, comprise cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

(a) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to interest-bearing bank borrowings and lease liabilities. The Group and the Company is also exposed to cashflow interest rate risk in relation to floating-rate cash and cash equivalents. The Group and the Company manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Group and the Company currently does not have formal interest rate hedging policies. The management of the Group and the Company monitors the Group’s and the Company’s exposures on an on-going basis and will consider hedging interest rate risk should the need arise. In the opinion of the management of the Group and the Company, the exposure of cash flow interest rate risk arising from floating-rate restricted bank deposits and cash and cash equivalents is insignificant and thus no sensitivity analysis is presented.

(b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

As at the end of each of the Relevant Periods, the Group had a concentration of credit risk in its trade receivables, with the five largest customers collectively accounting for 60%, 76% and 74% of the total balance, respectively. Of this amount, Customer A, which referring collectively to all entities within the Customer A Group, represented 45%, 48% and 52% of the total trade receivables respectively.

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Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
As at 31 December 2023	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	115,040	115,040
Contract assets	–	–	–	8,669	8,669
Financial assets included in prepayments, other receivables and other assets					
– Normal	8,194	–	–	–	8,194
– Doubtful	–	–	1,462	–	1,462
Debt investments measured at amortized cost	130,978	–	–	–	130,978
Restricted cash	1,116	–	–	–	1,116
Cash and cash equivalents	71,232	–	–	–	71,232
Total	211,520	–	1,462	123,709	336,691

	12-month ECLs	Lifetime ECLs			
As at 31 December 2024	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	290,174	290,174
Contract assets	–	–	–	9,729	9,729
Financial assets included in prepayments, other receivables and other assets					
– Normal	21,998	–	–	–	21,998
– Doubtful	–	–	2,831	–	2,831
Debt investments measured at amortized cost	44,173	–	–	–	44,173
Restricted cash	1,745	–	–	–	1,745
Cash and cash equivalents	91,392	–	–	–	91,392
Total	159,308	–	2,831	299,903	462,042

	12-month ECLs	Lifetime ECLs			
As at 31 December 2025	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	337,180	337,180
Contract assets	–	–	–	8,285	8,285
Financial assets included in prepayments, other receivables and other assets					
– Normal	8,187	–	–	–	8,187
– Doubtful	–	–	1,791	–	1,791
Time deposit	20,000	–	–	–	20,000
Restricted cash	15,840	–	–	–	15,840
Cash and cash equivalents	155,818	–	–	–	155,818
Total	199,845	–	1,791	345,465	547,101

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* For trade and bills receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful.”

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans.

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

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023					
Lease liabilities	8,895	9,020	3,232	–	21,147
Financial liabilities included in other payables	13,069	–	–	–	13,069
Interest-bearing bank borrowings	79,557	–	–	–	79,557
Trade and bill payables	179,261	–	–	–	179,261
Total	<u>280,782</u>	<u>9,020</u>	<u>3,232</u>	<u>–</u>	<u>293,034</u>
31 December 2024					
Lease liabilities	9,836	3,375	379	–	13,590
Financial liabilities included in other payables	57,358	–	–	–	57,358
Interest-bearing bank borrowings	120,398	–	–	–	120,398
Trade and bill payables	269,420	–	–	–	269,420
Total	<u>457,012</u>	<u>3,375</u>	<u>379</u>	<u>–</u>	<u>460,766</u>
31 December 2025					
Lease liabilities	7,498	5,509	1,583	–	14,590
Financial liabilities included in other payables	24,484	–	–	–	24,484
Interest-bearing bank borrowings	139,937	–	–	–	139,937
Trade and bill payables	331,333	–	–	–	331,333
Total	<u>503,252</u>	<u>5,509</u>	<u>1,583</u>	<u>–</u>	<u>510,344</u>

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ACCOUNTANTS’ REPORT

(d) Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors its capital structure using the debt-to-assets ratio, calculated as total liabilities divided by total assets. The debt-to-assets ratios as at 31 December 2023, 2024, 2025 were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	713,377	699,355	706,480
Total liabilities	537,894	614,130	599,323
Asset-liability ratio*	75%	88%	85%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

36. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events for which disclosures or adjustments are required after the end of the Relevant Periods.

37. SUBSEQUENT FINANCIAL STATEMENTS

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