

APPENDIX I

ACCOUNTANTS’ REPORT

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

[To insert the firm’s letterhead]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI YUEPU DIGITAL INTELLIGENCE TECHNOLOGY CO., LTD. AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

INTRODUCTION

We report on the historical financial information of Shanghai Yuepu Digital Intelligence Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [•] to [•], 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 each of 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 [•] to [•] 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 [•] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividend paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[Date]

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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**”) as issued by the HKICPA (the “**Underlying Financial Statements**”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
REVENUE	5	1,505,939	1,337,158	1,403,039
Cost of sales	6	(1,324,780)	(1,184,626)	(1,251,138)
Gross profit		181,159	152,532	151,901
Other income and gains	5	11,777	6,816	7,145
Selling and marketing expenses		(62,618)	(49,540)	(47,298)
Administrative expenses		(35,402)	(33,603)	(23,140)
Research and development expenses	6	(9,962)	(9,790)	(11,755)
Provision for impairment losses on financial assets	6	(11,274)	(6,563)	(1,338)
Other expenses	5	(275)	(205)	(326)
Finance costs	7	(8,527)	(8,360)	(10,163)
Share of profits and losses of associates	6	(1,444)	750	500
PROFIT BEFORE TAX		63,434	52,037	65,526
Income tax expense	10	(13,680)	(9,882)	(15,169)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		49,754	42,155	50,357
Attributable to:				
Owners of the parent		46,382	38,892	50,738
Non-controlling interests		3,372	3,263	(381)
		49,754	42,155	50,357
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (<i>RMB</i>)	12	0.39	0.37	0.52

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	3,314	3,929	2,156
Right-of-use assets	14	25,502	20,153	13,076
Intangible assets	15	244	117	142
Investments in associates	16	3,190	4,690	5,190
Prepayments, other receivables and other assets	18	8,634	7,036	6,274
Deferred tax assets	19	7,625	10,176	12,236
Restricted cash	22	400	–	–
Total non-current assets		48,909	46,101	39,074
CURRENT ASSETS				
Trade and notes receivables	20	646,311	515,665	597,742
Prepayments, other receivables and other assets	18	232,586	145,958	132,488
Debt instruments measured at fair value through other comprehensive income	21	3,852	6,182	26,618
Restricted cash	22	–	542	–
Cash and cash equivalents	22	58,821	28,052	20,293
Total current assets		941,570	696,399	777,141
CURRENT LIABILITIES				
Trade payables	23	104,625	87,362	93,929
Contract liabilities	24	2,973	12,023	23,718
Other payables and accruals	25	34,287	21,283	25,972
Interest-bearing bank and other borrowings	26	230,037	237,748	378,036
Lease liabilities	14	3,659	8,595	9,093
Tax payable		18,123	13,625	27,990
Total current liabilities		393,704	380,636	558,738
NET CURRENT ASSETS		547,866	315,763	218,403
TOTAL ASSETS LESS CURRENT LIABILITIES		596,775	361,864	257,477

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		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14	21,967	16,115	7,196
Long-term payable		–	750	750
Total non-current liabilities		21,967	16,865	7,946
Net assets		574,808	344,999	249,531
EQUITY				
Equity attributable to owners of the parent				
Share capital	27	120,000	104,257	93,868
Reserves	28	429,147	211,818	140,440
		549,147	316,075	234,308
Non-controlling interests	29	25,661	28,924	15,223
Total equity		574,808	344,999	249,531

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	Note (note 27)	(note 28)	(note 28)				
As at 1 January 2023	120,000	187,025	9,629	201,111	517,765	27,291	545,056
Profit for the year	-	-	-	46,382	46,382	3,372	49,754
Total comprehensive income for the year	-	-	-	46,382	46,382	3,372	49,754
Transfer to statutory surplus reserve	-	-	3,447	(3,447)	-	-	-
Dividend declared	II	-	-	(15,000)	(15,000)	-	(15,000)
Dividend declared by subsidiaries	-	-	-	-	-	(5,002)	(5,002)
As at 31 December 2023	120,000	187,025	13,076	229,046	549,147	25,661	574,808

* These reserve accounts comprise the consolidated reserves of RMB429,147,000 in the consolidated statement of financial position as at 31 December 2023.

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		Attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total		
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000		
		(note 27)	(note 28)	(note 28)				
	<i>Note</i>							
As at 1 January 2024		120,000	187,025	13,076	229,046	549,147	25,661	574,808
Profit for the year		–	–	–	38,892	38,892	3,263	42,155
Total comprehensive income for the year		–	–	–	38,892	38,892	3,263	42,155
Repayment of capital to equity holders	27	(15,743)	(187,025)	–	(69,196)	(271,964)	–	(271,964)
Transfer to statutory surplus reserve		–	–	1,591	(1,591)	–	–	–
As at 31 December 2024		104,257	–	14,667	197,151	316,075	28,924	344,999

* These reserve accounts comprise the consolidated reserves of RMB211,818,000 in the consolidated statement of financial position as at 31 December 2024.

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		Attributable to owners of the parent					
			Capital	Statutory	Retained	Non-controlling	
		Share capital	reserve*	surplus	profits*	Total	interests
		RMB'000	RMB'000	reserve*	RMB'000	RMB'000	Total equity
Notes		(note 27)	(note 28)	(note 28)			
	As at 1 January 2025	104,257	–	14,667	197,151	316,075	28,924
	Profit for the year	–	–	–	50,738	50,738	(381)
	Total comprehensive income for the year	–	–	–	50,738	50,738	(381)
	Repayment of capital to equity holders	27	(10,389)	–	(122,116)	(132,505)	–
	Dividend declared by a subsidiary	29	–	–	–	–	(13,320)
	Transfer to statutory surplus reserve		–	–	6,214	(6,214)	–
	As at 31 December 2025	93,868	–	20,881	119,559	234,308	15,223

* These reserve accounts comprise the consolidated reserves of RMB140,440,000 in the consolidated statement of financial position as at 31 December 2025.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		63,434	52,037	65,526
Adjustments for:				
Finance costs	7	8,527	8,360	10,163
Interest income	5	(338)	(217)	(432)
Losses/(gains) on disposal of items of property, plant and equipment	5	78	(157)	(28)
Gain on termination of a lease	6	–	(31)	–
Impairment of trade receivables	6	10,732	6,627	722
Impairment/(reversal of impairment) of other receivables	6	542	(64)	616
Depreciation of property, plant and equipment	6	2,685	1,843	1,450
Depreciation of right-of-use assets	6	8,304	8,246	7,249
Amortisation of intangible assets	6	126	87	88
Share of losses/(profits) of associates	6	1,444	(750)	(500)
		95,534	75,981	84,854
Decrease/(increase) in trade and notes receivables and debt instruments measured at fair value through other comprehensive income		53,461	120,996	(113,308)
Decrease/(increase) in prepayments, other receivables and other assets		19,770	(35,196)	7,222
(Increase)/decrease in restricted cash		(400)	(142)	542
(Decrease)/increase in other payables and accruals		(15,761)	(5,745)	1,069
(Decrease)/increase in trade payables		(13,360)	(17,263)	6,567
Increase in contract liabilities		981	9,050	11,695
Cash generated from operations		140,225	147,681	(1,359)
Interest received		338	217	76
Income tax paid		(22,949)	(16,931)	(2,864)
Net cash flows from/(used in) operating activities		117,614	130,967	(4,147)

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment and intangible assets		(10,600)	(2,585)	(312)
Acquisition of an associate		(1,250)	–	–
Loans to an associate		–	(500)	(9,850)
Proceeds from disposal of items of property, plant and equipment and intangible assets		7,863	324	550
Net cash flows used in investing activities		(3,987)	(2,761)	(9,612)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of capital to equity holders		(140,586)	(147,978)	(115,905)
Borrowings from bank and other parties		352,830	426,341	640,470
Repayment of bank and other borrowings		(267,638)	(417,556)	(492,336)
Interest paid		(7,732)	(8,741)	(7,936)
Principal portion of lease payments		(9,158)	(3,782)	(8,593)
Dividends paid to shareholders of the Company		(11,211)	(5,259)	–
Dividends paid to non-controlling shareholders		(1,802)	(2,000)	(9,700)
Net cash flows (used in)/from financing activities		(85,297)	(158,975)	6,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		28,330	(30,769)	(7,759)
Cash and cash equivalents at beginning of year		30,491	58,821	28,052
Cash and cash equivalents at end of year	22	58,821	28,052	20,293
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	22	58,821	28,052	20,293

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	635	684	474
Right-of-use assets	14	–	–	150
Intangible assets	15	244	117	142
Investments in subsidiaries	17	71,871	71,871	71,871
Prepayments, other receivables and other assets	18	866	1,170	1,170
Deferred tax assets	19	1,012	1,784	1,595
Total non-current assets		74,628	75,626	75,402
CURRENT ASSETS				
Trade and notes receivables	20	870,486	538,572	399,427
Prepayments, other receivables and other assets	18	183,213	94,942	88,665
Debt instruments measured at fair value through other comprehensive income	21	–	–	25,172
Amounts due from subsidiaries	31(c)	25,426	4,867	147,561
Cash and cash equivalents	22	21,355	12,069	11,752
Total current assets		1,100,480	650,450	672,577
CURRENT LIABILITIES				
Trade payables	23	179,814	84,236	166,421
Contract liabilities	24	2,127	3,398	73,096
Other payables and accruals	25	14,330	9,567	13,225
Interest-bearing bank and other borrowings	26	110,042	144,219	184,755
Amounts due to subsidiaries	31(c)	474,616	352,671	236,024
Lease liability	14	–	–	98
Tax payable		10,437	4,302	16,972
Total current liabilities		791,366	598,393	690,591
NET CURRENT ASSETS /(LIABILITIES)		309,114	52,057	(18,014)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		383,742	127,683	57,388

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		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITY				
Lease liability	14	—	—	75
Total non-current liability		—	—	75
Net assets		383,742	127,683	57,313
EQUITY				
Share capital	27	120,000	104,257	93,868
Reserves	28	263,742	23,426	(36,555)
Total equity		383,742	127,683	57,313

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Yuepu Digital Intelligence Technology Co., Ltd. (the “**Company**”, formerly know as “**Shanghai Yuepu Advertising Group Co., Ltd.**”) was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 17 March 2014. The registered office of the Company is located at No. 4268 Zhennan Rd, Jiading District, Shanghai. The Company was converted from a limited liability company to a joint-stock company with limited liability on 22 September 2020.

During the Relevant Periods, the Company and its subsidiaries (together, the “**Group**”) were principally engaged in providing full-funnel integrated marketing solutions services, influencer-driven integrated content marketing solutions services and other marketing services.

In the opinion of the directors, the controlling shareholder of the Company is Mr. Lin Yue.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company’s principal subsidiaries are set out below:

Entity name	Notes	Place and date of registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
Shanghai Yuepu Network Technology Co., Ltd. (“ Yuepu Network ”) (上海悦普網絡科技有限公司)	<i>a</i>	8 July 2009 PRC/Chinese Mainland	RMB35,000,000	100	–	Integrated marketing services
Shanghai Zhuoer Culture Media Co., Ltd. (上海卓而文化傳媒有限公司)	<i>b</i>	2 August 2017 PRC/Chinese Mainland	RMB1,000,000	100	–	Integrated marketing services
Shanghai Lingxing Cultural Media Co., Ltd. (上海令行文化傳媒有限公司) (“ Shanghai Lingxing ”)	<i>b</i>	11 September 2017 PRC/Chinese Mainland	RMB10,000,000	60	–	Integrated marketing services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (a) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024, prepared in accordance with China Accounting Standards for Business Enterprises, were audited by IPO (Shanghai) Certified Public Accountants (上海德義致遠會計師事務所 (普通合夥)), certified public accountants registered in the PRC.
- (b) No audited financial statements have been prepared for these entities.

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently 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 certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an 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 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 amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>
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>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

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 Effective for annual periods beginning on or after 1 January 2029

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and statements of cash flows (additional disclosure will be included in the financial statements). The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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Fair value measurement

The Group measures debt instruments at fair value through other comprehensive income at fair value at the end of each reporting period. 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.

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 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 reporting period 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.

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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;
 - (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 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:

Office equipment and furniture	19% to 32%
Vehicles	24%
Leasehold improvements	Over the shorter of the lease terms and 25%

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.

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Intangible assets

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

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when 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.

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 any 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 4 years

(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 the 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.

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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.

(b) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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).

Lease payments on short-term leases 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, and fair value through other comprehensive income.

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 and notes 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 and notes 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.

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 profit or loss when the asset is derecognised, modified or impaired.

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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 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 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.

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 the end of each of the Relevant Periods, 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 end of each of the Relevant Periods 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.

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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 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 end of each of the Relevant Periods (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 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 the end of each of the Relevant Periods. 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, 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.

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, interest-bearing loans and other liabilities 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.

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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability 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 taxable temporary differences associated with investments in subsidiaries and associates, 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 and associates, 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.

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The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 the reporting period 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 from contracts with customers is recognised when control of 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 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 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.

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

Full-funnel integrated marketing solutions

Full-funnel integrated marketing solutions is primarily generated from two sources:

- Provision of integrated marketing services; and
- Provision of social media account operation services.

For integrated marketing services and social media account operation services, revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.

Integrated content marketing solutions

Revenue is recognised upon the provisions of promised services and acceptance by customers, after the deduction of any discounts.

Other marketing services

Other marketing services is primarily generated from two sources:

- Provision of content amplification services; and
- Provision of creative and content services.

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Content amplification services

The performance obligation is satisfied upon completion of promised services, with fees are mainly charged when users click on an advertisement (“CPC”), or based on every one thousand impressions of the advertisement delivered (“CPM”).

Creative and content services

Revenue is recognised upon the provisions of promised services and acceptance by customers.

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 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 products/goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related products/goods to the customer).

Employee benefits

Pension scheme

The employees of the Group which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These companies are required to contribute a certain proportion 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other 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.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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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 the reporting period, 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 trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, 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 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

The principal assets employed by the Group are located in Shanghai, the PRC. Therefore, no segment information based on the geographical location of non-current assets is presented for the Relevant Periods.

Substantially all of the Group’s revenue derived from external customers were generated in Chinese Mainland during the Relevant Periods. Accordingly, no information about the revenue by geographical areas is presented.

Information about major customers

The major customers from which the revenue individually amounting to 10% or more of the Group’s revenue for the Relevant Periods are set out below:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	200,308	185,474	149,108
Customer B	194,134	N/A*	N/A*
Total	394,442	185,474	149,108

* Less than 10% of the Group’s revenue

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5. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers	1,505,939	1,337,158	1,403,039

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of services			
Full-funnel integrated marketing solutions	505,033	695,406	715,106
Integrated content marketing solutions	937,778	618,200	672,373
Other marketing services	63,128	23,552	15,560
Total	1,505,939	1,337,158	1,403,039

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Timing of revenue recognition			
Services transferred at a point in time	1,000,906	641,752	687,933
Services transferred over time	505,033	695,406	715,106
Total	1,505,939	1,337,158	1,403,039

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December	Year ended 31 December	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 the reporting period:			
Full-funnel integrated marketing solutions	1,992	2,973	12,023

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(b) *Performance obligations*

Other than the information disclosed in note 2.3 to the Historical Financial Information, information about the Group’s performance obligations is summarised below:

Full-funnel integrated marketing solutions

Payment is generally due within 10-120 days after the invoice date, except for new customers, where payment in advance is normally required.

Integrated content marketing solutions

Payment is generally due within 10-120 days after the invoice date.

Other marketing services

Payment is generally due within 10-120 days after the invoice date.

As a practical expedient under IFRS 15, the amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied is not disclosed as they are part of contracts that have an original expected duration of one year or less.

An analysis of other income and gains and other expenses is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income and gains			
Interest income	338	217	432
Government grants*	5,303	5,935	5,769
Additional VAT deduction**	5,779	–	–
Gains on disposal of items of property, plant and equipment	–	157	28
Gain on termination of a lease	–	31	–
Others	357	476	916
Total other income and gains	11,777	6,816	7,145
Other expenses			
Losses on disposal of items of property, plant and equipment	78	–	–
Others	197	205	326
Total other expenses	275	205	326

* The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

** According to the regulations of the Ministry of Finance (“MOF”) and the State Administration of Taxation (“STA”), certain entities within the Group can enjoy an additional 5% tax deduction calculated based on the input value added tax (“VAT”) from the VAT payable.

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6. PROFIT BEFORE TAX

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

		Year ended 31 December	Year ended 31 December	Year ended 31 December
		2023	2024	2025
	Notes	RMB’000	RMB’000	RMB’000
Cost of services provided*		1,324,780	1,184,626	1,251,138
Depreciation of property, plant and equipment	13	2,685	1,843	1,450
Depreciation of right-of-use assets	14(a)	8,304	8,246	7,249
Amortisation of intangible assets	15	126	87	88
Share of profits and losses of associates	16	1,444	(750)	(500)
Research and development expenses**		9,962	9,790	11,755
Lease payments not included in the measurement of lease liabilities	14(c)	90	3	1
Auditor’s remuneration		1,181	625	349
Employee benefit expenses (including directors’, chief executive’s and supervisors’ remuneration (note 8)):				
Wages, salaries and other allowances		90,131	77,554	72,037
Pension scheme contributions		26,449	21,863	20,418
		116,580	99,417	92,455
Provision for impairment losses on trade receivables	20	10,732	6,627	722
Provision for/(reversal of) impairment losses on other receivables	18	542	(64)	616
Losses/(gains) on disposal of plant and equipment		78	(157)	(28)
Gain on termination of a lease	14(c)	–	(31)	–

* The amount of cost of services provided includes staff costs and depreciation and amortisation expenses which are also included in the respective total amounts disclosed separately in “employee benefit expenses”, “depreciation of property, plant and equipment”, “depreciation of right-of-use assets” and “amortisation of intangible assets” above.

** The amount of research and development expenses includes expenses relating to staff cost, and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on bank and other borrowings	7,592	7,356	9,180
Interest on lease liabilities	413	811	894
Interest on discounting of notes receivables	84	44	63
Interest on factoring of trade receivables	438	149	26
Total	8,527	8,360	10,163

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8. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ REMUNERATION

Directors’, chief executive’s and supervisors’ remuneration for the Relevant Periods is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fee:	100	100	100
Other emoluments:			
Salaries, allowances and benefits in kind	4,456	3,827	3,344
Performance related bonuses	460	382	577
Pension scheme contributions	469	472	417
Total	5,485	4,781	4,438

* Certain executive directors and supervisors of the Company are entitled to bonus payments which are determined by key performance indicators.

(a) Independent non-executive director

Mr. Li Xisha was appointed as an independent non-executive director since September 2020.

During the Relevant Periods, Mr. Li’s annual remuneration was RMB100,000.

(b) Executive directors, chief executive and supervisors

The remuneration of directors, the chief executive and supervisors of the Company during the Relevant Periods is set out below:

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023				
Executive directors:				
Mr. Lin Yue (a)	680	–	70	750
Mr. Cai Yonghui (b)	488	–	70	558
Ms. Bao Xiuyun (c)	810	131	70	1,011
Ms. Chang Xin (d)	942	217	70	1,229
Subtotal	2,920	348	280	3,548
Supervisors:				
Ms. Zhu Huazheng (e)	361	40	50	451
Ms. Gu Minjia (f)	614	–	69	683
Ms. Wang Li (g)	561	72	70	703
Subtotal	1,536	112	189	1,837
Total	4,456	460	469	5,385

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	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2024				
Executive directors:				
Mr. Lin Yue (a)	679	40	73	792
Mr. Cai Yonghui (b)	485	21	70	576
Ms. Bao Xiuyun (c)	748	143	73	964
Ms. Chang Xin (d)	499	–	54	553
Subtotal	2,411	204	270	2,885
Supervisors:				
Ms. Zhu Huazheng (e)	385	45	56	486
Ms. Gu Minjia (f)	469	53	73	595
Ms. Wang Li (g)	562	80	73	715
Subtotal	1,416	178	202	1,796
Total	3,827	382	472	4,681

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2025				
Executive directors:				
Mr. Lin Yue (a)	679	78	73	830
Mr. Cai Yonghui (b)	495	48	68	611
Ms. Bao Xiuyun (c)	733	144	74	951
Subtotal	1,907	270	215	2,392
Supervisors:				
Ms. Zhu Huazheng (e)	402	66	59	527
Ms. Gu Minjia (f)	465	144	69	678
Ms. Wang Li (g)	570	97	74	741
Subtotal	1,437	307	202	1,946
Total	3,344	577	417	4,338

- (a) Mr. Lin Yue has served as general manager since March 2014. He was appointed as a director of the Company since February 2018, chairman of the Board since August 2019 and was re-designated as an executive director with effect from June 2026.
- (b) Mr. Cai Yonghui was appointed as a director since August 2019 and was re-designated as an executive director with effect from June 2026.
- (c) Ms. Bao Xiuyun was appointed as a director since August 2019, the chief operation officer since July 2022 and was re-designated as an executive director with effect from June 2026.

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- (d) Ms. Chang Xin was appointed as a director on 1 January 2023, and the chief growth officer on 1 January 2023. She resigned on 30 September 2024.
- (e) Ms. Zhu Huazheng was appointed as a supervisor since January 2023.
- (f) Ms. Gu Minjia was appointed as a supervisor since January 2023.
- (g) Ms. Wang Li was appointed as a supervisor since January 2023.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2023, 2024 and 2025 included 2, 2 and 4 directors/supervisors, respectively. Details of those directors’ remuneration are set out in note 8 above. Details of the remuneration of the remaining 3, 3 and 1 highest paid employees who are neither a director/supervisor nor chief executive of the Company for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances and benefits in kind	2,518	2,408	697
Performance related bonuses	393	124	–
Pension scheme contributions	210	218	55
Total	3,121	2,750	752

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

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	–	1	1
HK\$1,000,001 to HK\$1,500,000	3	2	–
Total	3	3	1

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.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

Yuepu Network is qualified as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% from 1 January 2024 to 31 December 2026. This qualification is subject to review by the relevant tax authority in the PRC every three years.

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According to the EIT Law and its relevant regulations, certain subsidiaries that are qualified as “Small-scaled Minimal Profit Enterprises” as defined under the EIT Law are entitled to a preferential EIT rate of 20% and their taxable income were deducted to 25%.

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax			
Chinese mainland	18,568	12,433	17,229
Deferred tax (<i>note 19</i>)	(4,888)	(2,551)	(2,060)
Total tax charge for the year	13,680	9,882	15,169

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

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before tax	63,434	52,037	65,526
Tax at the statutory tax rate of 25%	15,859	13,009	16,382
Lower tax rates for specific provinces or enacted by local authority	(370)	(3,350)	41
Effect on opening deferred tax of decrease in rate	–	1,651	–
Expenses not deductible for tax	544	224	185
Additional deductible allowance for qualified research and development expenses*	(2,366)	(1,653)	(1,980)
Tax losses and temporary differences not recognised	13	1	541
Income tax expense	13,680	9,882	15,169

* In March 2023, according to the relevant laws and regulations promulgated by the MOF, the STA and the Ministry of Science and Technology (“MOST”) of the People’s Republic of China, enterprises engaging in research and development activities have been entitled to claim 200% of their research and development expenses as an additional deduction since 1 January 2023.

11. DIVIDEND

	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Dividends declared	15,000	–	–

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the parent and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

No adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of basic and diluted earnings per share is based on:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Earnings:			
Profit for the year attributable to owners of the parent	46,382	38,892	50,738
	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
Number of shares:			
Weighted average number of ordinary shares outstanding	120,000	106,167	98,515

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023				
At 1 January 2023:				
Cost	4,027	2,839	3,366	10,232
Accumulated depreciation	(2,677)	(2,014)	(2,116)	(6,807)
Net carrying amount	1,350	825	1,250	3,425
At 1 January 2023, net of accumulated depreciation	1,350	825	1,250	3,425
Additions	1,488	7,456	1,571	10,515
Disposals	(371)	(7,570)	–	(7,941)
Depreciation provided during the year (note 6)	(1,259)	(304)	(1,122)	(2,685)
At 31 December 2023, net of accumulated depreciation	1,208	407	1,699	3,314
At 31 December 2023:				
Cost	4,952	442	4,937	10,331
Accumulated depreciation	(3,744)	(35)	(3,238)	(7,017)
Net carrying amount	1,208	407	1,699	3,314

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	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024				
At 1 January 2024:				
Cost	4,952	442	4,937	10,331
Accumulated depreciation	(3,744)	(35)	(3,238)	(7,017)
Net carrying amount	1,208	407	1,699	3,314
At 1 January 2024, net of accumulated depreciation	1,208	407	1,699	3,314
Additions	638	701	1,246	2,585
Disposals	(56)	–	(71)	(127)
Depreciation provided during the year (<i>note 6</i>)	(821)	(145)	(877)	(1,843)
At 31 December 2024, net of accumulated depreciation	969	963	1,997	3,929
At 31 December 2024:				
Cost	5,470	1,143	2,746	9,359
Accumulated depreciation	(4,501)	(180)	(749)	(5,430)
Net carrying amount	969	963	1,997	3,929
	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2025				
At 1 January 2025:				
Cost	5,470	1,143	2,746	9,359
Accumulated depreciation	(4,501)	(180)	(749)	(5,430)
Net carrying amount	969	963	1,997	3,929
At 1 January 2025, net of accumulated depreciation	969	963	1,997	3,929
Additions	130	–	69	199
Disposals	(2)	(520)	–	(522)
Depreciation provided during the year (<i>note 6</i>)	(457)	(244)	(749)	(1,450)
At 31 December 2025, net of accumulated depreciation	640	199	1,317	2,156
At 31 December 2025:				
Cost	5,592	444	2,815	8,851
Accumulated depreciation	(4,952)	(245)	(1,498)	(6,695)
Net carrying amount	640	199	1,317	2,156

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The Company

	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023				
At 1 January 2023:				
Cost	919	–	–	919
Accumulated depreciation	(654)	–	–	(654)
Net carrying amount	265	–	–	265
At 1 January 2023, net of accumulated depreciation	265	–	–	265
Additions	9	441	71	521
Depreciation provided during the year	(115)	(36)	–	(151)
At 31 December 2023, net of accumulated depreciation	159	405	71	635
At 31 December 2023:				
Cost	907	441	71	1,419
Accumulated depreciation	(748)	(36)	–	(784)
Net carrying amount	159	405	71	635
	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024				
At 1 January 2024:				
Cost	907	441	71	1,419
Accumulated depreciation	(748)	(36)	–	(784)
Net carrying amount	159	405	71	635
At 1 January 2024, net of accumulated depreciation	159	405	71	635
Additions	412	–	–	412
Disposals	–	–	(71)	(71)
Depreciation provided during the year	(187)	(105)	–	(292)
At 31 December 2024, net of accumulated depreciation	384	300	–	684
At 31 December 2024:				
Cost	1,319	441	–	1,760
Accumulated depreciation	(935)	(141)	–	(1,076)
Net carrying amount	384	300	–	684

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	Office equipment and furniture	Vehicles	Total
	RMB’000	RMB’000	RMB’000
31 December 2025			
At 1 January 2025:			
Cost	1,319	441	1,760
Accumulated depreciation	(935)	(141)	(1,076)
Net carrying amount	384	300	684
At 1 January 2025, net of accumulated depreciation	384	300	684
Additions	13	–	13
Disposals	(2)	–	(2)
Depreciation provided during the year	(116)	(105)	(221)
At 31 December 2025, net of accumulated depreciation	279	195	474
At 31 December 2025:			
Cost	1,327	441	1,768
Accumulated depreciation	(1,048)	(246)	(1,294)
Net carrying amount	279	195	474

14. LEASES

The Group as a lessee

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	RMB’000
As at 1 January 2023	9,056
Additions	24,750
Depreciation charge	(8,304)
As at 31 December 2023	25,502
	Buildings
	RMB’000
As at 1 January 2024	25,502
Additions	3,063
Depreciation charge	(8,246)
Termination	(166)
As at 31 December 2024	20,153

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	Buildings
	RMB’000
As at 1 January 2025	20,153
Additions	172
Depreciation charge	(7,249)
As at 31 December 2025	13,076

(b) Lease liabilities

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

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Carrying amount at 1 January	10,034	25,626	24,710
New leases	24,750	3,063	172
Accretion of interest recognised during the year	413	811	894
Payments	(9,571)	(4,593)	(9,487)
Termination	–	(197)	–
Carrying amount at 31 December	25,626	24,710	16,289
Analysed into:			
Current portion	3,659	8,595	9,093
Non-current portion	21,967	16,115	7,196
Including:			
– More than one year but within two years	7,815	8,995	6,784
– More than two years but within five years	14,152	7,120	412

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

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Interest on lease liabilities	413	811	894
Depreciation charge of right-of-use assets	8,304	8,246	7,249
Gain on termination of a lease	–	(31)	–
Expense related to short-term leases	90	3	1
Total amount recognised in profit or loss	8,807	9,029	8,144

The total cash outflows for leases are disclosed in note 30(c) to the Historical Financial Information.

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The Company as a lessee

(a) *Right-of-use assets*

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	RMB’000
As at 1 January 2025	–
Additions	172
Depreciation charge	(22)
As at 31 December 2025	150

(b) *Lease liabilities*

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

	Year ended 31 December
	2025
	RMB’000
Carrying amount at 1 January	–
New leases	172
Accretion of interest recognised during the year	1
Carrying amount at 31 December	173
Analysed into:	
Current portion	98
Non-current portion	75

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15. INTANGIBLE ASSETS

The Group

	Software
	RMB’000
31 December 2023	
At 1 January 2023:	
Cost	561
Accumulated amortisation	(276)
Net carrying amount	285
At 1 January 2023, net of accumulated amortisation	285
Additions	85
Amortisation	(126)
At 31 December 2023, net of accumulated amortisation	244
At 31 December 2023:	
Cost	647
Accumulated amortisation	(403)
Net carrying amount	244
	Software
	RMB’000
31 December 2024	
At 1 January 2024:	
Cost	647
Accumulated amortisation	(403)
Net carrying amount	244
At 1 January 2024, net of accumulated amortisation	244
Disposals	(40)
Amortisation	(87)
At 31 December 2024, net of accumulated amortisation	117
At 31 December 2024:	
Cost	607
Accumulated amortisation	(490)
Net carrying amount	117

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	Software
	RMB’000
31 December 2025	
At 1 January 2025:	
Cost	607
Accumulated amortisation	(490)
Net carrying amount	117
At 1 January 2025, net of accumulated amortisation	117
Additions	113
Amortisation	(88)
At 31 December 2025, net of accumulated amortisation	142
At 31 December 2025:	
Cost	720
Accumulated amortisation	(578)
Net carrying amount	142
The Company	
	Software
	RMB’000
31 December 2023	
At 1 January 2023:	
Cost	547
Accumulated amortisation	(262)
Net carrying amount	285
At 1 January 2023, net of accumulated amortisation	285
Additions	85
Amortisation	(126)
At 31 December 2023, net of accumulated amortisation	244
At 31 December 2023:	
Cost	632
Accumulated amortisation	(388)
Net carrying amount	244

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	Software
	RMB’000
31 December 2024	
At 1 January 2024:	
Cost	632
Accumulated amortisation	(388)
Net carrying amount	244
At 1 January 2024, net of accumulated amortisation	244
Additions	(40)
Amortisation	(87)
At 31 December 2024, net of accumulated amortisation	117
At 31 December 2024:	
Cost	592
Accumulated amortisation	(475)
Net carrying amount	117
	Software
	RMB’000
31 December 2025	
At 1 January 2025:	
Cost	592
Accumulated amortisation	(475)
Net carrying amount	117
At 1 January 2025, net of accumulated amortisation	117
Additions	113
Amortisation	(88)
At 31 December 2025, net of accumulated amortisation	142
At 31 December 2025:	
Cost	706
Accumulated amortisation	(564)
Net carrying amount	142

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16. INVESTMENTS IN ASSOCIATES

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Share of net assets	3,190	4,690	5,190

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Share of the associates’ profit/(loss) for the year	(1,444)	750	500
Aggregate carrying amount of the Group’s investments in associates	3,190	4,690	5,190

The Group’s balances due from/to associates are disclosed in note 31(c) to the Historical Financial Information.

The Group has discontinued the recognition of its share of losses of an associate because the share of losses of the associate exceeded the Group’s interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group’s unrecognised share of losses of this associate were nil, RMB17,000 and RMB52,000, during the year ended 31 December 2023, 2024 and 2025, respectively. The amounts of the Group’s unrecognised share of losses of this associate cumulatively were nil, RMB17,000 and RMB69,000 as at 31 December 2023, 2024 and 2025, respectively.

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	71,871	71,871	71,871

Particulars of the subsidiaries as at the date of this report are set out in note 1 to the Historical Financial Information.

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18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Prepayments to suppliers	44,304	68,102	65,176
Deposits	1,464	9,151	6,048
Loans to an associate	–	500	10,706
Deductible input VAT	6,513	17,265	18,005
Other receivables	47,480	42,037	40,866
Prepayments in share repurchase	140,586	16,600	–
Subtotal	240,347	153,655	140,801
Non-current			
Deposits	8,634	7,036	6,274
Impairment losses	(7,761)	(7,697)	(8,313)
Total	241,220	152,994	138,762

Other receivables mainly represents purchase rebates from multi-channel network (“MCN”) agencies or influencers. The Group applies a general approach in calculating ECL for other receivables, loans to an associate and deposits. Their recoverability was assessed with reference to the credit status of the debtors.

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The movements in the impairment allowance for financial assets included in prepayments, other receivables and other assets are as follows:

The Group

	12-month Stage 1	Life time Stage 2	Life time Stage 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	978	–	6,241	7,219
Impairment losses, net	(458)	–	1,000	542
As at 31 December 2023 and 1 January 2024	520	–	7,241	7,761
Transfers into stage 3	(56)	–	56	–
Impairment losses, net	(64)	–	–	(64)
As at 31 December 2024 and 1 January 2025	400	–	7,297	7,697
Transfers into stage 3	(525)	–	525	–
Impairment losses, net	616	–	–	616
As at 31 December 2025	491	–	7,822	8,313

The Company

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
	RMB’000	RMB’000	RMB’000
Current			
Prepayments to suppliers	16,017	41,322	43,320
Deposits	714	8,549	3,887
Deductible input VAT	5,565	3,630	–
Other receivables	20,998	26,179	22,755
Dividend receivables	–	–	19,980
Prepayments in share repurchase	140,586	16,600	–
Subtotal	183,880	96,280	89,942
Non-current			
Deposits	866	1,170	1,170
Impairment losses	(667)	(1,338)	(1,277)
Total	184,079	96,112	89,835

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The movements in the impairment allowance for financial assets included in prepayments, other receivables and other assets are as follows:

	12-month Stage 1	Life time Stage 2	Life time Stage 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	543	–	–	543
Impairment losses, net	124	–	–	124
As at 31 December 2023 and 1 January 2024	<u>667</u>	<u>–</u>	<u>–</u>	<u>667</u>
Transfers into stage 3	(56)	–	56	–
Impairment losses, net	671	–	–	671
As at 31 December 2024 and 1 January 2025	<u>1,282</u>	<u>–</u>	<u>56</u>	<u>1,338</u>
Transfers into stage 3	(524)	–	524	–
Impairment losses, net	<u>(61)</u>	<u>–</u>	<u>–</u>	<u>(61)</u>
As at 31 December 2025	<u>697</u>	<u>–</u>	<u>580</u>	<u>1,277</u>

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19. DEFERRED TAX

The Group

Deferred tax assets

	Impairment of financial assets	Lease liabilities	Tax losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	2,201	2,068	301	4,570
Deferred tax credited to the consolidated statement of profit or loss during the year	2,886	4,141	2,189	9,216
Gross deferred tax assets at 31 December 2023 and 1 January 2024	5,087	6,209	2,490	13,786
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	806	(2,740)	1,109	(825)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	5,893	3,469	3,599	12,961
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	(201)	(1,211)	2,470	1,058
Gross deferred tax assets at 31 December 2025	5,692	2,258	6,069	14,019

Deferred tax liabilities

	Right-of-use assets
	RMB’000
At 1 January 2023	1,833
Deferred tax charged to the consolidated statement of profit or loss during the year	4,328
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	6,161
Deferred tax credited to the consolidated statement of profit or loss during the year	(3,376)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	2,785
Deferred tax credited to the consolidated statement of profit or loss during the year	(1,002)
Gross deferred tax liabilities at 31 December 2025	1,783

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

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net deferred tax assets recognised in the consolidated statements of financial position	7,625	10,176	12,236

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

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Tax losses	31	58	2,153
Deductible temporary differences	142	111	407
	173	169	2,560

The Group has tax losses arising in Chinese Mainland of RMB31,000, RMB58,000 and RMB2,153,000 as at the end of each of the Relevant Periods that would expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

Deferred tax assets

	Impairment of financial assets
	RMB’000
At 1 January 2023	325
Deferred tax credited to the statement of profit or loss during the year	687
Gross deferred tax assets at 31 December 2023 and 1 January 2024	1,012
Deferred tax credited to the statement of profit or loss during the year	772
Gross deferred tax assets at 31 December 2024 and 1 January 2025	1,784
Deferred tax credited to the statement of profit or loss during the year	(189)
Gross deferred tax assets at 31 December 2025	1,595

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20. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	658,879	534,461	612,556
Notes receivables	–	399	5,103
Impairment	(12,568)	(19,195)	(19,917)
Total	646,311	515,665	597,742

Trade and notes receivables mainly arise from the rendering of services. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade and notes receivables relate to a large number of diversified customers, respectively, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

The recoverability of notes receivables was assessed with reference to the credit status of the debtors, and the expected credit loss as at the end of each of the Relevant Periods was considered to be insignificant.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of impairment) is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	601,729	490,200	568,875
1 to 2 years	43,357	23,679	23,529
2 to 3 years	1,225	1,387	235
Total	646,311	515,266	592,639

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	1,836	12,568	19,195
Impairment for the year, net	10,732	6,627	722
At end of year	12,568	19,195	19,917

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with 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 end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

As at 31 December 2023	Expected credit loss rates	Gross carrying amounts	Impairment
		RMB’000	RMB’000
Defaulted receivables	100%	1,344	1,344
Within 1 year	0.42%	604,282	2,553
1 to 2 years	12.91%	49,784	6,427
2 to 3 years	47.74%	2,344	1,119
Over 3 years	100.00%	1,125	1,125
Total	1.91%	658,879	12,568

As at 31 December 2024	Expected credit loss rates	Gross carrying amounts	Impairment
		RMB’000	RMB’000
Defaulted receivables	100%	2,003	2,003
Within 1 year	0.83%	494,304	4,104
1 to 2 years	17.47%	28,691	5,012
2 to 3 years	79.31%	6,703	5,316
Over 3 years	100.00%	2,760	2,760
Total	3.59%	534,461	19,195

As at 31 December 2025	Expected credit loss rates	Gross carrying amounts	Impairment
		RMB’000	RMB’000
Defaulted receivables	100%	1,407	1,407
Within 1 year	0.76%	573,254	4,379
1 to 2 years	14.10%	27,391	3,862
2 to 3 years	90.73%	2,535	2,300
Over 3 years	100.00%	7,969	7,969
Total	3.25%	612,556	19,917

Transferred financial assets that are not derecognised in their entirety

The Group discounted certain notes receivable accepted by banks in Chinese Mainland (the “Discounted Notes”) with carrying amounts of nil, nil and RMB4,810,000 to certain banks as at 31 December 2023, 2024 and 2025, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Discounted Notes. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Notes, including the sale, transfer or pledge of the Discounted Notes to any other third parties.

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Transferred financial assets that are derecognised in their entirety

The Group discounted certain notes receivable accepted by banks in Chinese Mainland (the “**Derecognised Notes**”) with carrying amounts in aggregate of RMB2,710,000, nil and RMB3,220,000 at 31 December 2023, 2024 and 2025, respectively. The Derecognised Notes had a maturity of one to five months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Notes, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

During the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods and cumulatively. The discounting has been made evenly throughout the Relevant Periods.

The Company

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	873,866	543,969	399,428
Notes receivables	–	399	5,103
Impairment	(3,380)	(5,796)	(5,104)
Total	870,486	538,572	399,427

An ageing analysis of the trade receivables of the Company as at the end of each of the Relevant Periods (based on the invoice date and net of impairment) is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	856,693	532,337	387,731
1 to 2 years	13,772	5,548	6,525
2 to 3 years	21	288	68
Total	870,486	538,173	394,324

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	345	3,380	5,796
Impairment for the year, net	3,035	2,416	(692)
At end of year	3,380	5,796	5,104

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Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2023	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Due from subsidiaries	–	589,766	–
Within 1 year	0.42%	268,052	1,125
1 to 2 years	12.91%	15,814	2,042
2 to 3 years	48.78%	41	20
Over 3 years	100.00%	193	193
Total	0.39%	873,866	3,380

As at 31 December 2024	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Due from subsidiaries	–	225,955	–
Within 1 year	0.93%	309,270	2,888
1 to 2 years	22.06%	7,118	1,570
2 to 3 years	79.31%	1,392	1,104
Over 3 years	100.00%	234	234
Total	1.07%	543,969	5,796

As at 31 December 2025	Expected credit loss rates	Gross carrying amounts RMB’000	Impairment RMB’000
Due from subsidiaries	–	40,017	–
Within 1 year	0.83%	350,641	2,927
1 to 2 years	16.41%	7,806	1,281
2 to 3 years	90.71%	732	664
Over 3 years	100.00%	232	232
Total	1.28%	399,428	5,104

21. DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Notes receivables at fair value through other comprehensive income*	–	–	968
Trade receivables at fair value through other comprehensive income**	3,852	6,182	25,650
Total	3,852	6,182	26,618

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The Company

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables at fair value through other comprehensive income**	–	–	25,172

The Group considers the credit risk is limited because the counterparty is a high-quality corporate client with good credit rating. Therefore, the corresponding expected credit losses is considered as insignificant.

* The information of transferred notes receivables is disclosed in note 20 to the Historical Financial Information.

** During the Relevant Periods, there were trade receivables of RMB45,540,000, RMB22,542,000, and RMB16,888,000 at fair value through other comprehensive income factored to a bank without recourse. Since the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the bank, these factored trade receivables were therefore derecognised.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances	59,221	28,594	20,293
Less: Restricted cash	(400)	(542)	–
Cash and cash equivalents	58,821	28,052	20,293

The Company

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and bank balances	21,355	12,069	11,752
Cash and cash equivalents	21,355	12,069	11,752

At the end of each of the Relevant Periods, all of the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash 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.

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23. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	94,309	75,017	77,919
Over 1 year	10,316	12,345	16,010
Total	104,625	87,362	93,929

Trade payables are non-interest-bearing and are normally settled within 90 days.

The Company

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	177,736	79,244	159,402
Over 1 year	2,078	4,992	7,019
Total	179,814	84,236	166,421

24. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December	As at 31 December	As at 31 December
	2023	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Full-funnel integrated marketing solutions	1,992	2,973	12,023	23,718

The increase in contract liabilities as at the end of each of the Relevant Periods were in line with the increase in advance received for full-funnel integrated marketing solutions.

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The Company

	As at 1 January	As at 31 December	As at 31 December	As at 31 December
	2023	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Full-funnel integrated marketing solutions	487	2,127	3,398	73,096

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Payroll and welfare payables	12,162	10,176	11,200
Dividends payable	8,459	1,200	4,820
Accrued expenses	5,531	3,749	3,166
Other taxes payable	4,426	2,426	1,774
Deposits	3,045	3,255	3,822
Other payables*	664	477	1,190
Total	34,287	21,283	25,972

The Company

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Payroll and welfare payables	2,992	4,076	6,811
Dividends payable	5,259	–	–
Accrued expenses	199	486	30
Other taxes payable	2,485	1,347	2,313
Deposits	3,045	3,255	3,822
Other payables*	350	403	249
Total	14,330	9,567	13,225

*Other payables are unsecured and repayable on demand.

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26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000
Current									
Bank loans – guaranteed	3.00%-3.90%	2024	230,037	2.75%-6.80%	2025	237,748	2.07%-6.80%	2026	300,246
Bank loans – secured**	–	–	–	–	–	–	0.86%-1.41%	2026	4,810
Loans from related parties	–	–	–	–	–	–	3.00%-6.00%	2026	60,480
Loans from third parties	–	–	–	–	–	–	4.00%	2026	12,500
Total			230,037			237,748			378,036

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
	RMB’000	RMB’000	RMB’000
Analysed into:			
Bank loans repayable:			
Within one year	230,037	237,748	305,056
Other borrowings repayable:			
Within one year	–	–	72,980
Total	230,037	237,748	378,036

As at 31 December 2023, 2024 and 2025, all borrowings were denominated in RMB.

* As at 31 December 2023, 2024 and 2025, the bank borrowings were guaranteed by Mr. Lin Yue and his spouse.

** As at 31 December 2025, the bank borrowings were secured by the corresponding notes receivables discounted.

The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000
Current									
Bank loans – guaranteed	3.30%-3.90%	2024	110,042	2.75%-6.80%	2025	144,219	2.07%-6.80%	2026	174,945
Bank loans – secured							0.86%-1.41%	2026	4,810
Loans from related parties	–	–	–	–	–	–	3.00%	2026	5,000
Total			110,042			144,219			184,755

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27. SHARE CAPITAL

The Group and the Company

	<i>Notes</i>	Share capital RMB’000
As at 1 January 2023		120,000
Capital deduction by equity holders		–
As at 31 December 2023		120,000
Capital deduction by equity holders	<i>a)</i>	(15,743)
As at 31 December 2024		104,257
Capital deduction by equity holders	<i>b)</i>	(10,389)
As at 31 December 2025		93,868
a) The shareholders of the Company approved a capital reduction of RMB271,964,000, resulting in decrease of RMB15,743,000 in share capital, decrease of RMB187,025,000 in capital reserve and decrease of RMB69,196,000 in retained profits. b) The shareholders of the Company approved a capital reduction of RMB132,505,000, resulting in decrease of RMB10,389,000 in share capital and decrease of RMB122,116,000 in retained profits.		

28. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve represents the excess of capital contributions from the equity holders of the Company over the share capital and the repayment of capital to shareholders of the Company. Details of the movements in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in Chinese Mainland are required to allocate 10% of the profits after tax to the statutory reserve until the cumulative total of the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve fund may be converted to registered capital, provided that the remaining balance after the conversion is not less than 25% of their registered capital.

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The Company

Year ended 31 December 2023

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	120,000	198,655	9,629	35,990	364,274
Profit for the year	–	–	–	34,468	34,468
Total comprehensive income for the year	–	–	–	34,468	34,468
Transfer to statutory surplus reserve	–	–	3,447	(3,447)	–
Dividends declared	–	–	–	(15,000)	(15,000)
As at 31 December 2023	120,000	198,655	13,076	52,011	383,742

Year ended 31 December 2024

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2024	120,000	198,655	13,076	52,011	383,742
Profit for the year	–	–	–	15,905	15,905
Total comprehensive income for the year	–	–	–	15,905	15,905
Repayment of capital to equity holders	(15,743)	(198,655)	–	(57,566)	(271,964)
Transfer to statutory surplus reserve	–	–	1,591	(1,591)	–
As at 31 December 2024	104,257	–	14,667	8,759	127,683

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Year ended 31 December 2025

	Share capital	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2025	104,257	–	14,667	8,759	127,683
Profit for the year	–	–	–	62,135	62,135
Total comprehensive income for the year	–	–	–	62,135	62,135
Repayment of capital to equity holders	(10,389)	–	–	(122,116)	(132,505)
Transfer to statutory surplus reserve	–	–	6,214	(6,214)	–
As at 31 December 2025	93,868	–	20,881	(57,436)	57,313

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Percentage of equity interest held by non-controlling interests:			
Shanghai Lingxing	40%	40%	40%
Profit for the year allocated to non-controlling interests:			
Shanghai Lingxing	3,676	1,173	1,463
Dividends declared to non-controlling interests of Shanghai Lingxing	(4,000)	–	(13,320)
Accumulated balances of non-controlling interests at the reporting date:			
Shanghai Lingxing	25,642	26,813	14,957

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations.

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	Shanghai Lingxing
	RMB’000
2023	
Revenue	235,686
Total expenses	(226,493)
Profit for the year	9,193
Total comprehensive income for the year	9,193
Current assets	220,167
Non-current assets	2,687
Current liabilities	(158,749)
Non-current liabilities	—
Net cash flows from operating activities	11,921
Net cash flows used in investing activities	(88)
Net cash flows from financing activities	100
Net increase in cash and cash equivalents	11,933
	Shanghai Lingxing
	RMB’000
2024	
Revenue	115,598
Total expenses	(112,672)
Profit for the year	2,926
Total comprehensive income for the year	2,926
Current assets	172,168
Non-current assets	2,648
Current liabilities	(107,785)
Non-current liabilities	—
Net cash flows used in operating activities	(11,255)
Net cash flows used in investing activities	(783)
Net cash flows used in financing activities	(3,037)
Net decrease in cash and cash equivalents	(15,075)

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	Shanghai Lingxing
	RMB’000
2025	
Revenue	113,684
Total expenses	(110,027)
Profit for the year	3,657
Total comprehensive income for the year	3,657
Current assets	217,272
Non-current assets	1,671
Current liabilities	(181,555)
Non-current liabilities	–
Net cash flows used in operating activities	(6,753)
Net cash flows from investing activities	602
Net cash flows from financing activities	5,816
Net decrease in cash and cash equivalents	(335)

30. 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 had non-cash additions to right-of-use assets and lease liabilities of RMB24,750,000, RMB3,063,000 and RMB172,000, respectively, in respect of lease arrangements for buildings.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash transactions in notes receivable of RMB6,800,000, RMB500,000 and RMB9,984,000 and non-cash transactions in interest-bearing bank borrowings of RMB6,800,000, RMB500,000 and RMB9,984,000, respectively, in respect of notes receivables discounted that are not derecognised in their entirety, and at maturity of these notes, the respective customers settled the full notes amount directly with the discounting banks without any cash inflow or outflow passing through the Group.

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings	Lease liabilities	Dividend payable included in other payables and accruals	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	151,372	10,034	1,470	162,876
Changes from financing cash flows	77,873	(9,571)	(13,013)	55,289
Dividends declared	–	–	20,002	20,002
New lease addition	–	24,750	–	24,750
Changes from non-cash transactions	(6,800)	–	–	(6,800)
Accretion of interest recognised during the year	7,592	413	–	8,005
At 31 December 2023	230,037	25,626	8,459	264,122

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	Bank and other borrowings	Lease liabilities	Dividend payable included in other payables and accruals	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2024	230,037	25,626	8,459	264,122
Changes from financing cash flows	855	(4,593)	(7,259)	(10,997)
New lease addition	–	3,063	–	3,063
Termination of a lease	–	(197)	–	(197)
Changes from non-cash transactions	(500)	–	–	(500)
Accretion of interest recognised during the year	7,356	811	–	8,167
At 31 December 2024	237,748	24,710	1,200	263,658

	Bank and other borrowings	Lease liabilities	Dividend payable included in other payables and accruals	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2025	237,748	24,710	1,200	263,658
Changes from financing cash flows	141,092	(9,487)	(9,700)	121,905
Dividend declared	–	–	13,320	13,320
New lease addition	–	172	–	172
Changes from non-cash transactions	(9,984)	–	–	(9,984)
Accretion of interest recognised during the year	9,180	894	–	10,074
At 31 December 2025	378,036	16,289	4,820	399,145

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

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within operating activities	90	3	1
Within financing activities	9,571	4,593	9,487
Total	9,661	4,596	9,488

31. RELATED PARTY TRANSACTIONS

(a) **Names of related parties and relationship with the Group**

Name	Relationship
Shanghai Wokele Cultural and Creative Development Co., Ltd.	Associate
Shanghai Heimang Marketing Planning Co., Ltd.	Associate
Shanghai Donglai Advertising Culture Communication Co., Ltd.	Associate
Mr. Lin Yue	Controlling shareholder
Ms. Bao Xiuyun	Executive director
Ms. Gu Minjia	Supervisor

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(b) Transactions with related parties

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Provision of services to: (i)			
Associates	5,425	7,275	16,795
Total	5,425	7,275	16,795
Purchases of services from: (ii)			
Associates	22,426	13,825	25,775
Total	22,426	13,825	25,775
Interest income from:			
Associate	–	–	356
Total	–	–	356
Finance costs:			
Controlling shareholder	–	22	146
Executive director	–	–	19
Associate	–	–	38
Supervisor	–	–	4
Total	–	22	207
Borrowings provided to related parties:			
Associate	–	500	9,850
Borrowings received from related parties:			
Associate	–	–	28,000
Executive director	–	–	2,000
Controlling shareholder	–	20,000	75,180
Supervisor	–	–	500
Total	–	20,000	105,680
Repayment of borrowings to related parties:			
Associate	–	–	23,000
Controlling shareholder	–	20,022	22,207
Total	–	20,022	45,207

- (i) The provision of services to the associates were made according to mutual agreements between the Group and associates.
- (ii) The purchases from the associates were made according to mutual agreements between the Group and associates.

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(c) Outstanding balances with related parties

The Group

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Due from related parties:			
Trade related			
Associates	8,500	3	–
Total	8,500	3	–
Non-trade related			
Associate	–	500	10,706
Total	–	500	10,706
Due to related parties:			
Trade related			
Associates	15,141	17,219	21,818
Total	15,141	17,219	21,818
Non-trade related			
Associate	–	–	5,000
Controlling shareholder	–	–	52,980
Executive director	–	–	2,000
Supervisor	–	–	500
Total	–	–	60,480

- (i) The non-trade related amounts due from related parties bear interest at 6% per annum and the non-trade related amounts due to related parties bear interest at 3-6% per annum and have no fixed payment terms.
- (ii) Except for the above, all the other balances are unsecured, interest-free and is repayable on demand.

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The Company

	As at 31 December 2023 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000
Due from related parties:			
Trade related			
Associates	8,456	3	–
Subsidiaries	589,766	225,955	40,017
Total	598,222	225,958	40,017
Non-trade related			
Subsidiaries	25,426	4,867	147,561
Total	25,426	4,867	147,561
Dividend receivable from a subsidiary			
Subsidiary	–	–	19,980
Total	–	–	19,980
Due to related parties:			
Trade related			
Associates	14,763	16,841	21,177
Subsidiaries	144,137	39,053	120,550
Total	158,900	55,894	141,727
Non-trade related			
Associate	–	–	5,000
Subsidiaries	474,616	352,671	236,024
Total	474,616	352,671	241,024

The non-trade related amount due to an associate bear interest at 3% per annum and have no fixed terms of repayment. Except for the above, all the other balances are unsecured, interest-free and are repayable on demand.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December 2023 RMB’000	Year ended 31 December 2024 RMB’000	Year ended 31 December 2025 RMB’000
Short term employee benefits	6,822	5,930	5,133
Post-employment benefits	660	616	497
Total compensation paid to key management personnel	7,482	6,546	5,630

Further details of directors’ and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

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32. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	646,311	646,311
Financial assets included in prepayments, other receivables and other assets	–	49,817	49,817
Debt instruments measured at fair value through other comprehensive income	3,852	–	3,852
Restricted cash	–	400	400
Cash and cash equivalents	–	58,821	58,821
Total	3,852	755,349	759,201

Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade payables	104,625
Financial liabilities included in other payables and accruals	17,699
Interest-bearing bank and other borrowings	230,037
Total	352,361

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	515,665	515,665
Financial assets included in prepayments, other receivables and other assets	–	51,027	51,027
Debt instruments measured at fair value through other comprehensive income	6,182	–	6,182
Restricted cash	–	542	542
Cash and cash equivalents	–	28,052	28,052
Total	6,182	595,286	601,468

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Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade payables	87,362
Financial liabilities included in other payables and accruals	8,681
Interest-bearing bank and other borrowings	237,748
Long-term payable	750
Total	334,541

As at 31 December 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB’000	RMB’000	RMB’000
Trade and notes receivables	–	597,742	597,742
Financial assets included in prepayments, other receivables and other assets	–	55,581	55,581
Debt instruments measured at fair value through other comprehensive income	26,618	–	26,618
Cash and cash equivalents	–	20,293	20,293
Total	26,618	673,616	700,234

Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade payables	93,929
Financial liabilities included in other payables and accruals	12,998
Interest-bearing bank and other borrowings	378,036
Long-term payable	750
Total	485,713

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33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments other than those with carrying amounts that reasonably approximate to fair values are as follows:

As at 31 December 2023

	Carrying amounts	Fair values
	RMB’000	RMB’000
Financial assets		
Debt instruments measured at fair value through other comprehensive income	3,852	3,852

As at 31 December 2024

	Carrying amounts	Fair values
	RMB’000	RMB’000
Financial assets		
Debt instruments measured at fair value through other comprehensive income	6,182	6,182

As at 31 December 2025

	Carrying amounts	Fair values
	RMB’000	RMB’000
Financial assets		
Debt instruments measured at fair value through other comprehensive income	26,618	26,618

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, debt instruments at fair value through other comprehensive income, financial assets included in prepayments, other receivables and other assets, restricted cash, interest-bearing bank and other borrowings, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group’s finance manager reports directly to the chief financial officer. 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 the chief financial officer. The valuation process and results are discussed with the chief financial officer once a year for annual financial reporting.

The fair values of the financial assets and liabilities 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 has estimated the fair value of debt instruments measured at fair value through other comprehensive income by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Management believed that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values were reasonable, and that they were the most appropriate values as at the end of each of the Relevant Periods.

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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	Significant	Significant
	in active	observable	unobservable
	markets	inputs	inputs
As at 31 December	Level 1	Level 2	Level 3
2023			
RMB’000	RMB’000	RMB’000	RMB’000
Debt instruments measured at fair value through other comprehensive income	3,852	–	3,852

As at 31 December 2024

	Fair value measurement using		
	Quoted prices	Significant	Significant
	in active	observable	unobservable
	markets	inputs	inputs
As at 31 December	Level 1	Level 2	Level 3
2024			
RMB’000	RMB’000	RMB’000	RMB’000
Debt instruments measured at fair value through other comprehensive income	6,182	–	6,182

As at 31 December 2025

	Fair value measurement using		
	Quoted prices	Significant	Significant
	in active	observable	unobservable
	markets	inputs	inputs
As at 31 December	Level 1	Level 2	Level 3
2025			
RMB’000	RMB’000	RMB’000	RMB’000
Debt instruments measured at fair value through other comprehensive income	26,618	–	26,618

During the years ended 31 December 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank loans and cash and cash equivalents. 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 and notes receivables and trade payables, which arise directly from its operations.

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

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 and the Group’s exposure to bad debts is not significant.

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 as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables*	–	–	–	658,879	658,879
Financial assets included in prepayments, other receivables and other assets					
– Normal**	50,337	–	–	–	50,337
– Doubtful**	–	–	7,241	–	7,241
Debt instruments measured at fair value through other comprehensive income					
– Not yet past due	–	–	–	3,852	3,852
Restricted cash					
– Not yet past due	400	–	–	–	400
Cash and cash equivalents					
– Not yet past due	58,821	–	–	–	58,821
Total	109,558	–	7,241	662,731	779,530

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables*	399	–	–	534,461	534,860
Financial assets included in prepayments, other receivables and other assets					
– Normal**	51,427	–	–	–	51,247
– Doubtful**	–	–	7,297	–	7,297
Debt instruments measured at fair value through other comprehensive income					
– Not yet past due	–	–	–	6,182	6,182
Restricted cash					
– Not yet past due	542	–	–	–	542
Cash and cash equivalents					
– Not yet past due	28,052	–	–	–	28,052
Total	80,420	–	7,297	540,643	628,360

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and notes receivables*	5,103	–	–	612,556	617,659
Financial assets included in prepayments, other receivables and other assets					
– Normal**	56,072	–	–	–	56,072
– Doubtful**	–	–	7,822	–	7,822
Debt instruments measured at fair value through other comprehensive income					
– Not yet past due	968	–	–	25,650	26,618
Cash and cash equivalents					
– Not yet past due	20,293	–	–	–	20,293
Total	82,436	–	7,822	638,206	728,464

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 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”.

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 13%, 17%, 14% and 40%, 40%, 51% were due from the Group’s largest debtor and five largest debtors, respectively. Except for the aforementioned concentrations of credit risk, the Group’s trade receivables relate to a large number of diversified customers.

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Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group’s policy is that all the borrowings should be approved by the chief financial officer.

The tables below summarise the maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments:

31 December 2023

	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	232,397	–	–	232,397
Trade payables	104,625	–	–	104,625
Other payables and accruals	17,699	–	–	17,699
Lease liabilities	4,441	22,938	–	27,379
Total	359,162	22,938	–	382,100

31 December 2024

	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	241,772	–	–	241,772
Trade payables	87,362	–	–	87,362
Other payables and accruals	8,681	–	–	8,681
Lease liabilities	9,240	16,542	–	25,782
Long-term payable	–	750	~	750
Total	347,055	17,292	–	364,347

31 December 2025

	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	381,887	–	–	381,887
Trade payables	93,929	–	–	93,929
Other payables and accruals	12,998	–	–	12,998
Lease liabilities	9,452	7,267	–	16,719
Long-term payable	–	750	–	750
Total	498,266	8,017	–	506,283

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Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group regards total equity as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. 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 capital using the debt-to-equity ratio, which is total liabilities with interest divided by total equity. The debt-to-equity ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December	As at 31 December	As at 31 December
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	230,037	237,748	378,036
Lease liabilities	25,626	24,710	16,289
Total debt	255,663	262,458	394,325
Total equity	574,808	344,999	249,531
Debt-to-equity ratio	44%	76%	158%

35. EVENTS AFTER THE RELEVANT PERIODS

On 25 March 2026, the Company entered into a capital increase agreement with Han Yuchuan(韓雨川), Shenzhen Bairong Information Technology Partnership (Limited Partnership) (深圳市柏榮信息科技合夥企業(有限合夥)), Modern Leaves Limited, Ding Sirong (丁思榕), Wang Songquan (王松泉), Yu Zhenwei (余振威), Wu Jiewe (吳結偉) and WANG Chen, pursuant to which they agreed to subscribe to 5,944,988 shares in aggregate. Upon completion of the above, the share capital of the Company increased from 93,868,225 shares to 99,813,213 shares.

36. 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 period subsequent to 31 December 2025.