The following is the text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI SYNYI INTELLIGENT TECHNOLOGY CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED AND BOCOM INTERNATIONAL (ASIA) LIMITED

Introduction

We report on the historical financial information of Shanghai Synyi Intelligent Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-61 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the [**REDACTED**] of [**REDACTED**] of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 32 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*Date*]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements"). The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	239,110	291,850	324,913
Cost of sales		(166,359)	(183,486)	(200,646)
Gross profit		72,751	108,364	124,267
Other net income	*5*	17,182	10,077	1,918
Selling and marketing cost		(74,246)	(56,358)	(60,987)
Administrative expenses		(48,962)	(40,117)	(74,017)
Research and development costs		(98,422)	(63,007)	(49,677)
Impairment loss on trade receivables and contract assets		(10,915)	(8,408)	(17,919)
Loss from operations		(142,612)	(49,449)	(76,415)
Impairment loss on goodwill		(57,140)	–	–
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors		(128,611)	(141,438)	(155,004)
Changes in the carrying amount of liabilities recognised for financial liabilities to acquire non-controlling interests		(20,467)	(12,654)	–
Other finance costs		(3,311)	(3,365)	(2,813)
Finance costs	*6(a)*	(152,389)	(157,457)	(157,817)
Loss before taxation	*6*	(352,141)	(206,906)	(234,232)
Income tax	*7(a)*	–	–	–
Loss for the year		(352,141)	(206,906)	(234,232)
Attributable to:				
Equity shareholders of the Company		(348,780)	(202,490)	(220,959)
Non-controlling interests		(3,361)	(4,416)	(13,273)
Loss for the year		(352,141)	(206,906)	(234,232)
Loss per share				
Basic and Diluted (RMB)	*10*	(4.52)	(2.57)	(2.78)
Loss for the year		(352,141)	(206,906)	(234,232)
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		(352,141)	(206,906)	(234,232)
Attributable to:				
Equity shareholders of the Company		(348,780)	(202,490)	(220,959)
Non-controlling interests		(3,361)	(4,416)	(13,273)
Total comprehensive income for the year		(352,141)	(206,906)	(234,232)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	1,558	4,466	3,701
Right-of-use assets	*12*	2,276	11,421	8,015
Intangible assets	*13*	27,280	21,003	9,102
Goodwill	*14*	18,894	18,894	18,894
Contract asset	*17*	9,731	14,599	20,483
Long-term trade receivables	*18*	14,423	11,061	7,254
		74,162	81,444	67,449
Current assets				
Inventories and other contract costs	*16*	109,425	99,748	44,855
Contract asset	*17*	9,683	11,423	19,912
Trade and other receivables	*19*	105,250	172,205	203,409
Derivative financial instruments	*20*	5,032	5,169	531
Financial assets at fair value through profit or loss ("FVPL")	*21*	10,000	–	3,000
Pledged bank deposits	*22*	2,571	2,013	3,124
Cash and cash equivalents	*23*	97,180	81,399	75,846
		339,141	371,957	350,677
Current liabilities				
Trade and other payables	*24*	99,733	133,577	175,481
Contract liabilities	*25*	102,622	84,296	34,535
Loans and borrowings	*26*	81,525	80,784	88,848
Provisions	*27*	9,850	9,781	12,743
Lease liabilities	*28*	1,472	2,189	3,769
Financial liability to acquire non-controlling interests	*29*	139,913	152,567	–
Financial instruments issued to investors	*30*	1,568,633	–	1,925,075
		2,003,748	463,194	2,240,451
Net current liabilities		(1,664,607)	(91,237)	(1,889,774)
Total assets less current liabilities		(1,590,445)	(9,793)	(1,822,325)

		At 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Loans and borrowings	*26*	1,011	6,948	3,815
Lease liabilities	*28*	808	10,728	7,801
Deferred income		275	203	260
Financial liability to acquire non-controlling interests	*29*	–	–	15,000
Financial instruments issued to investors	*30*	–	1,770,071	–
		2,094	1,787,950	26,876
NET LIABILITIES		(1,592,539)	(1,797,743)	(1,849,201)
DEFICIT				
Paid-in capital	*32(c)*	85,348	87,707	–
Share capital	*32(c)*	–	–	92,062
Reserves	*32(d)*	(1,710,572)	(1,913,719)	(1,956,259)
Total deficit attributable to equity shareholders of the Company		(1,625,224)	(1,826,012)	(1,864,197)
Non-controlling interests		32,685	28,269	14,996
TOTAL DEFICIT		(1,592,539)	(1,797,743)	(1,849,201)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		863	2,322	1,548
Right-of-use asset		2,093	3,819	2,546
Intangible assets		1,204	1,016	829
Investments in subsidiaries	*15*	58,034	68,104	51,652
Contract assets		6,052	8,454	15,726
Long-term trade receivables	*18*	14,423	11,061	7,254
Derivative financial assets	*29*	–	–	10,774
		82,669	94,776	90,329
Current assets				
Inventories and other contract costs	*16*	89,899	84,819	29,274
Contract assets		8,114	8,862	16,248
Trade and other receivables	*19*	76,425	133,429	196,682
Derivative financial instruments	*20*	5,032	5,169	531
Financial assets at fair value through profit or loss ("FVPL")		–	–	3,000
Pledged bank deposits		1,973	682	2,182
Cash and cash equivalents	*23(a)*	80,468	54,380	46,352
		261,911	287,341	294,269
Current liabilities				
Trade and other payables	*24*	80,460	100,110	159,324
Contract liabilities	*25*	82,557	71,576	22,792
Loans and borrowings	*26(a)*	80,468	78,461	85,839
Provisions		7,733	7,854	9,653
Lease liabilities		1,395	975	1,969
Derivative financial liabilities	*29*	117,193	112,735	–
Financial instruments issued to investors	*30*	1,568,633	–	1,925,075
		1,938,439	371,711	2,204,652
Net current liabilities		(1,676,528)	(84,370)	(1,910,383)
Total assets less current liabilities		(1,593,859)	10,406	(1,820,054)
Non-current liabilities				
Lease liabilities		723	3,389	1,577
Deferred income		275	203	260
Financial instruments issued to investors	*30*	–	1,770,071	–
		998	1,773,663	1,837
NET LIABILITIES		(1,594,857)	(1,763,257)	(1,821,891)
DEFICIT				
Paid-in capital		85,348	87,707	–
Share capital		–	–	92,062
Reserves		(1,680,205)	(1,850,964)	(1,913,953)
TOTAL DEFICIT		(1,594,857)	(1,763,257)	(1,821,891)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to equity shareholders of the Group							
	Note	Paid-in capital	Capital Reserve	Shares held for employee incentive scheme	Share-based payments reserve	Accumulated losses	Subtotal	Non-controlling interests	Total deficit
		RMB'000	*RMB'000 (Note 32(c))*	*RMB'000 (Note 32(d))*	*RMB'000 (Note 32(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		85,348	(142,695)	(8,113)	61,548	(1,277,754)	(1,281,666)	36,046	(1,245,620)
Loss and total comprehensive income for the year		–	–	–	–	(348,780)	(348,780)	(3,361)	(352,141)
Equity settled share-based payments	*31*	–	–	–	5,222	–	5,222	–	5,222
Balance at 31 December 2023 and 1 January 2024		85,348	(142,695)	(8,113)	66,770	(1,626,534)	(1,625,224)	32,685	(1,592,539)
Balance at 31 December 2023 and 1 January 2024		85,348	(142,695)	(8,113)	66,770	(1,626,534)	(1,625,224)	32,685	(1,592,539)
Loss and total comprehensive income for the year		–	–	–	–	(202,490)	(202,490)	(4,416)	(206,906)
Capital injection from investors	*32*	2,359	57,923	–	–	–	60,282	–	60,282
Recognition of financial instruments issued to investors	*30*	–	(60,000)	–	–	–	(60,000)	–	(60,000)
Equity settled share-based payments	*31*	–	–	–	1,420	–	1,420	–	1,420
Balance at 31 December 2024		87,707	(144,772)	(8,113)	68,190	(1,829,024)	(1,826,012)	28,269	(1,797,743)

		Attributable to equity shareholders of the Group									
	Note	Paid-in capital	Capital Reserve	Share Capital	Share Premium	Shares held for employee incentive scheme	Share-based payments reserve	Accumulated losses	Subtotal	Non-controlling interests	Total deficit
		RMB'000 (Note 32(c))	*RMB'000 (Note 32(d))*	*RMB'000 (Note 32(c))*	*RMB'000 (Note 32(d))*	*RMB'000 (Note 32(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025		87,707	(144,772)	–	–	(8,113)	68,190	(1,829,024)	(1,826,012)	28,269	(1,797,743)
Loss and total comprehensive income for the year		–	–	–	–	–	–	(220,959)	(220,959)	(13,273)	(234,232)
Capital contribution	*32*	4,355	4,355	–	–	(4,355)	–	–	4,355	–	4,355
Modification of financial liability to acquire non-controlling interests	*29*	–	112,567	–	–	–	–	–	112,567	–	112,567
Capital contribution from the ultimate controlling party	*29*	–	25,000	–	–	–	–	–	25,000	–	25,000
Equity settled share-based payments	*31*	–	–	–	–	–	40,852	–	40,852	–	40,852
Conversion into a joint stock company	*32*	(92,062)	(1,226,677)	92,062	61,767	–	–	1,164,910	–	–	–
Balance at 31 December 2025		–	(1,229,527)	92,062	61,767	(12,468)	109,042	(885,073)	(1,864,197)	14,996	(1,849,201)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Operating activities:				
Cash used in operations	*23(b)*	(148,595)	(82,404)	(7,452)
Income tax paid		–	–	–
Net cash used in operating activities		(148,595)	(82,404)	(7,452)
Investing activities:				
Payment for the purchase of property, plant and equipment and intangible assets		(549)	(5,094)	(1,162)
Proceeds from sale of property, plant and equipment		163	93	–
Proceeds from redemption of financial assets measured at FVPL		197,703	94,245	38,035
Payment for purchase of financial assets measured at FVPL		(197,000)	(84,000)	(41,000)
Interest received		2,845	1,469	801
Net cash generated from/(used in) investing activities		3,162	6,713	(3,326)
Financing activities:				
Capital element of lease rentals paid		(3,670)	(2,203)	(1,248)
Interest element of lease rentals paid		(162)	(437)	(444)
Capital injection from investors		–	282	4,355
Proceeds from loans and borrowings		83,100	105,752	118,639
Repayment of loans and borrowings		(80,507)	(103,484)	(116,077)
Proceeds from the issue of financial instruments to investors		–	60,000	–
Net cash (used in)/generated from financing activities		(1,239)	59,910	5,225
Net decrease in cash and cash equivalents		(146,672)	(15,781)	(5,553)
Cash and cash equivalents at the beginning of the year	*23(a)*	243,852	97,180	81,399
Cash and cash equivalents at the end of the year	*23(a)*	97,180	81,399	75,846

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Shanghai Synyi Intelligent Technology Co., Ltd. (上海森億智慧信息科技股份有限公司), formerly known as Shanghai Synyi Medical Technology Co., Ltd. (上海森億醫療科技股份有限公司) was incorporated in Shanghai, People's Republic of China (the "PRC") on 25 April 2016 as a limited liability company. On 23 September 2025, the Company was converted from a limited liability company into a joint stock limited liability company with registered share capital of RMB92,061,897 and par value of RMB1.0 for each share. On 28 April 2026, the Company changed its registered name to Shanghai Synyi Intelligent Technology Co., Ltd. (上海森億智慧信息科技股份有限公司).

The Company and its subsidiaries (together, "the Group") are principally engaged in healthcare AI solutions.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by Rongcheng Certified Public Accountants (Special General Partnership)* (容誠會計師事務所(特殊普通合夥)). The statutory financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Zhonghua Certified Public Accountants (Special General Partnership)* (眾華會計師事務所(特殊普通合夥)).

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest: Directly held by the Company	Proportion of ownership interest: Indirectly held by the Company	Principal activities
Guangdong Senyi Medical Technology Co., Ltd. *(iv)** 廣東森億醫療科技有限公司	The PRC 22 December 2025	RMB5,000,000/ Nil	100.00%	–	Research and sales of healthcare AI solutions
Beijing Senyi Intelligent Technology Co., Ltd. *(ii)** 北京森逸智能科技有限公司	The PRC 11 April 2024	RMB500,000/ Nil	100.00%	–	Research and sales of healthcare AI solutions
Guangdong Senyi Intelligent Technology Co., Ltd. *(ii)** 廣東森億智能科技有限公司	The PRC 28 June 2024	RMB5,000,000/ Nil	100.00%	–	Research and sales of healthcare AI solutions
Jilin Senyi Intelligent Technology Co., Ltd. *(ii)** 吉林森億智能科技有限公司	The PRC 23 November 2023	RMB10,070,000/ RMB10,070,000	100.00%	–	Research and sales of healthcare AI solutions
Senyi Intelligent (Nanjing) Technology Co., Ltd. *(iii)** 森億智能(南京)科技有限公司	The PRC 30 September 2021	RMB10,000,000/ Nil	100.00%	–	No substantial business activities
Changsha Senyi Medical Equipment Co., Ltd. *(iii)** 長沙森億醫療器械有限公司	The PRC 27 August 2020	RMB1,000,000/ Nil	100.00%	–	No substantial business activities
Hefei Senyi Intelligent Technology Co., Ltd. *(ii)** 合肥森億智能科技有限公司	The PRC 3 April 2020	RMB1,000,000/ Nil	100.00%	–	Research and sales of healthcare AI solutions
Senyi Yilianwang (Zhejiang) Technology Co., Ltd. *(i)** 森億醫聯網(浙江)技術有限公司	The PRC 6 December 2011	RMB31,714,286/ RMB31,714,286	51.00%	–	Research and sales of healthcare AI solutions
Shanghai Mukang Information Technology Co., Ltd. *(i)** 上海睦康信息技術有限公司	The PRC 22 January 2016	RMB6,160,000/ RMB5,010,000	51.00%	–	Research and sales of healthcare AI solutions
Synyi International (Hong Kong) Company Limited *(v)** 森億國際(香港)有限公司	Hong Kong 29 May 2026	USD700,000/Nil	100.0%	–	Healthcare AI R&D, system intergration and import and export trade

(i) The statutory financial statements of Senyi Yilianwang (Zhejiang) Technology Co., Ltd. ("Yilianwang")* (森億醫聯網(浙江)技術有限公司) and Shanghai Mukang Information Technology Co., Ltd. ("Mukang")* (上海睦康信息技術有限公司) for the years ended 31 December 2023 and 2024 were audited by Rongcheng Certified Public Accountants (Special General Partnership)* (容誠會計師事務所(特殊普通合夥)). And those for the year ended 31 December 2025 were audited by Zhonghua Certified Public Accountants (Special General Partnership)* (眾華會計師事務所(特殊普通合夥)). All financial statements were prepared in accordance with the PRC GAAP.

(ii) The statutory financial statements of Jilin Senyi Intelligent Technology Co., Ltd.* (吉林森億智能科技有限公司), Hefei Senyi Intelligent Technology Co., Ltd.* (合肥森億智能科技有限公司), Guangdong Senyi Intelligent Technology Co., Ltd.* (廣東森億智能科技有限公司) and Beijing Senyi Intelligent Technology Co., Ltd.* (北京森逸智能科技有限公司) for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Zhonghua Certified Public Accountants (Special General Partnership)* (眾華會計師事務所(特殊普通合夥)). No statutory financial statements have been prepared for the years ended 31 December 2023 and 2024.

(iii) No statutory financial statements for the years ended 31 December 2023, 2024 and 2025 have been prepared. Senyi Intelligent (Nanjing) Technology Co., Ltd.* (森億智能(南京)科技有限公司) was deregistered in October 2025.

(iv) Guangdong Senyi Medical Technology Co., Ltd.* (廣東森億醫療科技有限公司) was registered in December 2025. No statutory financial statements for the year ended 31 December 2025 have been prepared.

(v) Synyi International (Hong Kong) Company Limited* (森億國際(香港)有限公司) was registered in May 2026.

* The English translation of all above companies is for reference only. The official names of these companies are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net liabilities of RMB1,849,201,000 as at 31 December 2025, which is primarily due to financial instruments issued to investors totalling RMB1,925,075,000 (see Note 30). The redemption rights will be unconditionally terminated upon the qualified [**REDACTED**] and the financial instruments issued to [**REDACTED**] would be converted into equity accordingly, resulting in a change from net liabilities to net assets. Taking the above into consideration, and together with the Group's cash flow forecast for the next twelve months from 31 December 2025, the directors of the Company are of the opinion that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from 31 December 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the Material accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 37.

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for financial assets at fair value through profit or loss, derivative financial instruments and derivative financial liability that are measured at fair value as explained in Note 2(f).

(b) Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

(c) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(d) Subsidiaries and non-controlling interests

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

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

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the shareholders of the Company.

Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o) or (x) depending on the nature of the liability.

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

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

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

(e) Goodwill

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

(f) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 33(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

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

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

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

(ii) Derivative financial instruments

The Group holds derivative financial instruments to manage its investment risk exposures. Such derivative financial instruments are initially recognised at fair value. Subsequently, they are measured at fair value with changes in profit or loss. Multiple embedded derivatives in a single hybrid contract that relate to the same risk exposure, or that are not readily separable and independent of each other, are treated as a single compound embedded derivative.

(g) Property, plant and equipment

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

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

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

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

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

– Equipment and machinery	2-5 years
– Vehicles	3-5 years
– Office equipment and furniture	3-5 years
– Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

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

Other intangible assets, including trademarks, patents and software copyrights that are acquired by the Group and have finite useful lives, are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)(ii)).

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

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

Trademark	10 years
Software	5-10 years
Patent and software copyright acquired	5-6 years

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

(i) Leased assets

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

(i) As a lessee

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

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

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

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

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(f)(i), 2(w)(ii) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

– financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, trade and other receivables, contract assets and long-term receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

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

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation there of;

– variable-rate financial assets: current effective interest rate.

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

ECLs are measured on the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

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

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

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

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(k) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(g)) or intangible assets (see Note 2(h)).

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

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

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

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(w)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(m)).

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

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

(m) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(o) Trade and other payables

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

(p) Financial instruments issued to investors with preferred rights

The Group recognises as a financial liability its obligation to purchase its own equity instruments for cash or another financial asset. The financial liabilities are measured at the higher amount expected to be paid to the investors upon redemption or liquidation, on a present value basis, which is assumed to be at the dates of issuance and at the end of each reporting period.

(q) Financial liabilities to acquire non-controlling interests

The Group recognises its obligation to acquire the non-controlling interests at a future date as a financial liability. The financial liabilities are initially measured at the amount expected to be paid to the non-controlling interests on a present value basis and are subsequently measured at amortised cost.

(r) Interest-bearing borrowings

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

(s) Research and development costs

Research and development costs comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognised as expenses in the period in which they are incurred.

(t) Employee benefits

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

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

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

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees and eligible participants who contribute to the success of the Group's operations is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

Modifications of an equity-settled share-based payment arrangement are accounted for only if they are beneficial to the employee. The incremental fair value from the modification is recognised in profit or loss over the remaining vesting period of the revised service condition. If the Group modifies the terms and conditions of the equity instruments granted in a manner that reduces the fair value of the equity instruments granted, or is not otherwise beneficial to the employee, the Group continues to recognise the services received measured as the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

(iii) Termination benefits

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

(u) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

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

(v) Provisions, contingent liabilities and onerous contracts

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

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

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

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer. For each performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) Sale of healthcare AI solutions

Revenue is recognised when the control over the healthcare AI solutions is transferred to customers which is generally at the point of time when the products pass the final acceptance, in accordance with the terms of the sales contracts.

The Group's healthcare AI solutions are offered either by delivering software installed at the end users' servers or providing solutions integrated with other hardware and software. The Group determines that such contracts typically comprise one single performance obligation. Revenues are recognised at a point in time upon customer's acceptance of the respective solutions, which is when the control over the Group's goods or services is transferred to customers.

The Group recognises healthcare AI solutions revenue on a gross basis because the Group is the principal and controls the solution integrated with other hardware and software to be provided to the customer before the solution is transferred to that customer. In addition, the Group is primarily responsible for fulfilling the promise to provide the solution and has discretion in establishing the price for the integrated solution.

(b) Rendering of services

The Group recognises revenue from services over the period when the services were provided, since customers simultaneously receive and consume the benefit of the services. The Group uses straight-line method to recognise revenue over the service period.

(ii) Interest income

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

(iii) Government grants

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

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(x) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(y) Translation of foreign currencies

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

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(aa) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Source of estimation uncertainty

Notes 31 and 33(f) contain information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) Fair value of share-based payments

As mentioned in Note 31, the Group has granted shares options/restricted share units ("RSUs") to its employees. The Group has used Binomial Model to determine the total fair value of the options/RSUs granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the Binomial Model.

(ii) Allowance for impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(iii) Net realisable value of inventories

As described in Note 2(k), net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(iv) Impairment of goodwill

Goodwill is tested for impairment at least once annually. For the purpose of impairment testing, the Group allocates goodwill to relevant portfolio of asset groups. The recoverable amount of the portfolio of asset groups containing goodwill shall be determined based at the higher of the present value of estimated future cash flows of the portfolio of asset groups and fair value less costs to disposal. Accounting estimates are made for calculation.

Details of key assumptions and estimates used in the calculation of recoverable amount by the Group are set out in Note 14. When the actual amount of key assumptions and estimates differs from the previous estimate, the recoverable amount of portfolio of asset groups will be affected, which lead to impact over the impairment amount of goodwill.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business line of revenue recognition is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15			
Sales of healthcare AI solutions	239,110	291,850	324,913
	239,110	291,850	324,913

Disaggregation of the Group’s revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
– Revenue at a point of time	235,141	284,315	317,465
– Revenue over time	3,969	7,535	7,448
	239,110	291,850	324,913

(ii) Information about major customers

No major customer’s revenue accounted for 10% or more of the Group’s revenue during the Track Record Period.

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

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for products such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

(b) Segment reporting

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

(i) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the customer is registered, and all of the geographical location of the specified non-current assets are located in Chinese mainland.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	239,110	291,584	324,706
Overseas	–	266	207
	239,110	291,850	324,913

5 OTHER NET INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(i)*	9,958	8,590	5,763
Interest income	2,845	1,469	801
Net realised and unrealised gains on financial assets measured at FVPL *(Note 33(f))*	718	245	35
Change in fair value of derivative financial instruments	3,536	137	(4,638)
Others	125	(364)	(43)
	17,182	10,077	1,918

(i) Government grants.

Government grants primarily comprise tax refunds and subsidies received for the encouragement of research and development projects.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors	*30*	128,611	141,438	155,004
Changes in the carrying amount of liabilities recognised for financial liabilities to acquire non-controlling interests		20,467	12,654	–
Interest on				
– loans and borrowings		3,149	2,928	2,369
– lease liabilities		162	437	444
Total finance cost		152,389	157,457	157,817

(b) Staff costs:

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits		196,531	135,339	107,966
Contributions to defined contribution retirement plans *(i)*		23,878	17,349	13,125
Termination benefits		20,075	8,060	2,639
Equity-settled share-based payment expenses	*31*	5,222	1,420	40,852
		245,706	162,168	164,582

(i) Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items:

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of services rendered		165,159	182,191	199,763
Depreciation:				
– owned property, plant and equipment	*11*	2,228	2,123	1,927
– right-of-use assets	*12*	4,668	3,713	3,315
Research and development costs		98,422	63,007	49,677
Impairment loss on trade receivables and contract assets		10,915	8,408	17,919
Impairment loss on intangible assets	*13*	–	–	5,591
Impairment loss of goodwill		57,140	–	–
Amortisation of intangible assets	*13*	6,247	6,277	6,277
Auditors' remuneration		377	243	170
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

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

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Provision for PRC income tax for the year	–	–	–
Deferred tax:			
Origination and reversal of temporary differences	–	–	–
	–	–	–
	–	–	–

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(352,141)	(206,906)	(234,232)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned *(i)*	(88,035)	(51,727)	(58,558)
Effect of preferential tax rate *(ii)*	33,784	22,723	23,458
Effect of additional deduction on research and development expenses *(iii)*	(10,754)	(6,437)	(4,350)
Tax effect of non-deductible expenses	32,676	23,898	29,064
Tax effect of temporary differences and tax losses not recognised, net of utilisation of temporary differences and tax losses not recognised in prior years	32,329	11,543	10,386
Actual tax expense	–	–	–

(i) Pursuant to the Enterprise Income Tax (the "EIT") Law of the PRC (the "EIT Law"), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

(ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise in 2021 and renewed in 2024 and was subject to income tax rate at 15% during the Track Record Period. The Company's subsidiaries, Mukang and Yilianwang obtained the certificate of high-technology enterprise in 2020 and renewed in 2023 and were subject to income tax rate at 15% during the Track Record Period.

(iii) Under the PRC EIT Law and its relevant regulations, 75% additional tax deduction is allowed for qualified research and development costs incurred before 1 October 2022, and 100% additional tax deduction is allowed from 1 October 2022.

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in Note 2(u), as at 31 December 2023, 2024 and 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,330,471,000, RMB1,418,201,000 and RMB1,495,022,000 and temporary differences of RMB71,929,000, RMB78,044,000 and RMB71,747,000 respectively as they have been loss-making for years and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in Chinese mainland can be carried forward to offset against taxable profits of subsequent years for five or ten years from the year in which they arose.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Zhang Shaodian (張少典)	–	519	250	22	791	–	791
Ma Handong (馬漢東)	–	596	402	68	1,066	143	1,209
Yin Jiaheng (殷嘉珩)	–	454	27	68	549	–	549
Lu Wen (路文)	–	598	132	68	798	118	916
Xue Yanbo (薛顏波)	–	392	23	68	483	–	483
Zhai Jia (翟佳)	–	–	–	–	–	–	–
Wu Chenyao (吳陳堯)	–	–	–	–	–	–	–
Liu Zixuan (劉子軒)	–	–	–	–	–	–	–
Zhang Sai (張賽)	–	–	–	–	–	–	–
Yin Xiaobin (殷曉斌)	–	–	–	–	–	–	–
Fei Teng (費騰)	–	–	–	–	–	–	–
Supervisor							
He Shan (何山)	–	221	28	66	315	–	315
	–	2,780	862	360	4,002	261	4,263

	Year ended 31 December 2024						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Zhang Shaodian (張少典)	–	602	200	36	838	–	838
Ma Handong (馬漢東)	–	709	435	71	1,215	68	1,283
Yin Jiaheng (殷嘉珩)	–	452	34	71	557	–	557
Xue Yanbo (薛顏波)	–	588	42	63	693	–	693
Lu Wen (路文)	–	797	–	71	868	39	907
Zhai Jia (翟佳)	–	–	–	–	–	–	–
Wu Chenyao (吳陳堯)	–	–	–	–	–	–	–
Liu Zixuan (劉子軒)	–	–	–	–	–	–	–
Zhang Sai (張賽)	–	–	–	–	–	–	–
Yin Xiaobin (殷曉斌) (retired on 25 June 2024)	–	–	–	–	–	–	–
Fei Teng (費騰) (retired on 25 June 2024)	–	–	–	–	–	–	–
Gu Gen (顧根) (appointed on 25 June 2024)	–	228	17	35	280	–	280
Zhu Feng (朱峰) (appointed on 25 June 2024)	–	–	–	–	–	–	–
Supervisor							
He Shan (何山)	–	378	17	66	461	–	461
	–	3,754	745	413	4,912	107	5,019

	Year ended 31 December 2025						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Zhang Shaodian (張少典)	–	786	600	78	1,464	16,192	17,656
Ma Handong (馬漢東)	–	777	238	71	1,086	175	1,261
Yin Jiaheng (殷嘉珩)	–	502	150	70	722	842	1,564
Xue Yanbo (薛顏波) (retired on 23 September 2025)	–	332	49	46	427	–	427
Lu Wen (路文) (retired on 23 September 2025)	–	174	–	18	192	3	195
Gu Gen (顧根) (retired on 23 September 2025)	–	400	56	53	509	–	509
Zhai Jia (翟佳)	–	–	–	–	–	–	–
Wu Chenyao (吳陳堯) (retired on 23 September 2025)	–	–	–	–	–	–	–
Liu Zixuan (劉子軒) (retired on 23 September 2025)	–	–	–	–	–	–	–
Zhu Feng (朱峰)	–	–	–	–	–	–	–
Zhang Sai (張賽)	–	–	–	–	–	–	–
Tian Mutong (田牧童) (appointed on 23 September 2025)	–	135	64	18	217	383	600
Supervisor							
He Shan (何山)	–	268	43	62	373	707	1,080
	–	3,374	1,200	416	4,990	18,302	23,292

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

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023, 2024 and 2025, two, three and two individuals' emoluments are disclosed in Note 8 and the emoluments in respect of the remaining three, two and three individuals during the Track Record Period are as follows:

The emoluments of the individuals who are not directors and with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowance and benefits in kind	1,333	1,082	1,553
Discretionary bonuses	–	228	315
Retirement scheme contributions	77	131	180
Termination benefits	1,219	–	–
Equity-settled share-based payments	531	61	1,466
	3,160	1,502	3,514

	Year ended 31 December		
	2023	2024	2025
	Number of individuals	Number of individuals	Number of individuals
HK$			
0-500,000	–	–	–
500,001-1,000,000	–	2	1
1,000,001-1,500,000	3	–	1
1,500,001-2,000,000	–	–	1

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

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share during the Track Record Period is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue. As disclosed in Note 32(c), the Company was converted into a joint stock limited liability company and issued 92,061,897 shares with a nominal value of RMB1.00 each in September 2025. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred since 1 January 2023, at the exchange ratio established in the conversion in September 2025.

(i) Loss for the year attributable to ordinary equity shareholders of the Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year attributable to all equity shareholders of the Company	(348,780)	(202,490)	(220,959)
Allocation of loss for the year attributable to ordinary shares with redemption rights *(Note 30)*	261,132	157,187	175,337
Loss for the year attributable to ordinary equity shareholders of the Company	(87,648)	(45,303)	(45,622)

(ii) Weighted average number of ordinary shares in issue or deemed to be in issue

	Year ended 31 December		
	2023	*2024*	*2025*
	'000	*'000*	*'000*
Ordinary shares deemed to be in issue at 1 January	85,348	85,348	87,707
Effect of ordinary shares deemed to be issued *(Note 32(c))*	–	1,481	1,837
Effect of shares held for employee incentive scheme *(Note 32(d)(iii))*	(8,113)	(8,113)	(9,950)
Effect of ordinary shares with redemption rights *(Note 30)*	(57,826)	(61,105)	(63,160)
Weighted average number of ordinary shares deemed to be in issue at 31 December	19,409	17,611	16,434

(b) Diluted loss per share

Share options and restricted share units (Note 31) and ordinary shares with redemption rights (Note 30) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for the respective years.

11 PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2023	8,504	1,537	623	1,016	11,680
Additions	136	6	–	180	322
Disposals	(987)	(348)	–	–	(1,335)
At 31 December 2023 and 1 January 2024	7,653	1,195	623	1,196	10,667
Additions	1,738	138	–	3,200	5,076
Disposals	(408)	(226)	–	(37)	(671)
At 31 December 2024 and 1 January 2025	8,983	1,107	623	4,359	15,072
Additions	246	–	–	916	1,162
Disposals	(8)	–	–	–	(8)
At 31 December 2025	9,221	1,107	623	5,275	16,226
Accumulated depreciation:					
At 1 January 2023	(5,742)	(1,294)	(120)	(1,016)	(8,172)
Charge for the year	(1,756)	(149)	(180)	(143)	(2,228)
Written back on disposals	959	332	–	–	1,291
At 31 December 2023 and 1 January 2024	(6,539)	(1,111)	(300)	(1,159)	(9,109)
Charge for the year	(1,192)	(77)	(180)	(674)	(2,123)
Written back on disposals	405	221	–	–	626
At 31 December 2024 and 1 January 2025	(7,326)	(967)	(480)	(1,833)	(10,606)
Charge for the year	(711)	(56)	(93)	(1,067)	(1,927)
Written back on disposals	8	–	–	–	8
At 31 December 2025	(8,029)	(1,023)	(573)	(2,900)	(12,525)

	Equipment and machinery	Office equipment and furniture	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net book value:					
At 31 December 2023	1,114	84	323	37	1,558
At 31 December 2024	1,657	140	143	2,526	4,466
At 31 December 2025	1,192	84	50	2,375	3,701

12 RIGHT-OF-USE ASSETS

	Properties leased for own use carried at cost
	RMB'000
Cost:	
At 1 January 2023	8,689
Additions	6,448
Disposals	(11,715)
At 31 December 2023 and 1 January 2024	3,422
Additions	14,848
Disposals	(4,360)
At 31 December 2024 and 1 January 2025	13,910
Additions	–
Disposals	(140)
At 31 December 2025	13,770
Accumulated depreciation:	
At 1 January 2023	(5,556)
Charge for the year	(4,668)
Written back on disposals	9,078
At 31 December 2023 and 1 January 2024	(1,146)
Charge for the year	(3,713)
Written back on disposals	2,370
At 31 December 2024 and 1 January 2025	(2,489)
Charge for the year	(3,315)
Written back on disposals	49
At 31 December 2025	(5,755)
Net book value:	
At 31 December 2023	2,276
At 31 December 2024	11,421
At 31 December 2025	8,015

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties leased for own use	(4,668)	(3,713)	(3,315)
Interest on lease liabilities *(Note 6(a))*	162	437	444
Expense relating to short-term leases	481	545	237

During the years ended 31 December 2023, 2024 and 2025, additions to right-of-use assets of the Group were RMB6,448,000, RMB14,848,000 and nil respectively.

Interest on lease liabilities was primarily related to the capitalised lease payments payable under new tenancy agreements and lease of properties.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 23(d) and 33(b), respectively.

Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

13 INTANGIBLE ASSETS

	Trademark	Software	Patent and software copyright acquired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2023	2,890	1,206	32,694	36,790
Additions	–	227	–	227
At 31 December 2023 and 1 January 2024	2,890	1,433	32,694	37,017
Additions	–	–	–	–
At 31 December 2024 and 1 January 2025	2,890	1,433	32,694	37,017
Additions	–	–	–	–
Disposal	–	(55)	–	(55)
As at 31 December 2025	2,890	1,378	32,694	36,962
Accumulated amortisation:				
At 1 January 2023	(193)	(156)	(3,141)	(3,490)
Charge for the year	(289)	(157)	(5,801)	(6,247)
At 31 December 2023 and 1 January 2024	(482)	(313)	(8,942)	(9,737)
Charge for the year	(289)	(187)	(5,801)	(6,277)
At 31 December 2024 and 1 January 2025	(771)	(500)	(14,743)	(16,014)
Charge for the year	(289)	(187)	(5,801)	(6,277)
Written back on disposals	–	22	–	22
Impairment loss	–	–	(5,591)	(5,591)
At 31 December 2025	(1,060)	(665)	(26,135)	(27,860)
Net book value:				
At 31 December 2023	2,408	1,120	23,752	27,280
At 31 December 2024	2,119	933	17,951	21,003
At 31 December 2025	1,830	713	6,559	9,102

Impairment tests for patents and software copyrights

During the year ended 31 December 2025, the Group identified indicators of impairment for certain patents and software copyrights. Impairment losses of RMB5,591,000 was recognised for certain patents and software copyrights that were fully impaired due to the inability to generate future economic benefits.

14 GOODWILL

	RMB'000
Cost	
At 31 December 2023, 31 December 2024 and 31 December 2025	76,034
Goodwill arising from business combination	
– Shanghai Mukang Information Technology Co., Ltd.	16,703
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	59,331
Accumulated impairment loss:	
At 31 December 2023, 31 December 2024 and 31 December 2025	(57,140)
– Shanghai Mukang Information Technology Co., Ltd.	(16,703)
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	(40,437)
Carrying amount:	
At 31 December 2023, 31 December 2024 and 31 December 2025	18,894

Impairment tests for cash-generating units containing goodwill

The Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amount of cash-generating unit (CGU) on goodwill as at 31 December 2023, 31 December 2024 and 31 December 2025. Based on the management's assessment result, the Group recognised an impairment loss of goodwill of RMB57,140,000, nil and nil for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate used is pre-tax and reflect specific risks relating to the relevant industry, the CGU itself and macro-environment.

The key assumptions used in estimating the recoverable amount are as follows:

	At 31 December		
	2023	**2024**	**2025**
Pre-tax discount rate			
– Shanghai Mukang Information Technology Co., Ltd.	13.55%	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	14.00%	13.20%	13.70%
Growth rate beyond the forecast period			
– Shanghai Mukang Information Technology Co., Ltd.	2.00%	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	2.00%	2.00%	2.00%
Annual revenue growth rate during the forecast period			
– Shanghai Mukang Information Technology Co., Ltd.	2.00%~ 12.00%	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	-10.00%~ 15.00%	-25.00%~ 15.00%	5.00%~ 30.00%

The headroom measured by the excess of the recoverable amount over the carrying amount of each CGU as at 31 December 2023, 2024 and 2025 was set out below:

Name of CGU	At 31 December 2023	At 31 December 2024	At 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Mukang Information Technology Co., Ltd.	N/A	N/A	N/A
Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	N/A	15,059	4,251

At 31 December 2023, the recoverable amount of Mukang CGU is RMB16,703,000 lower than its carrying amount. Accordingly, an impairment loss fully allocated to Mukang CGU of RMB16,703,000 has been recognised in profit or loss for the year ended 31 December 2023.

At 31 December 2023, the recoverable amount of Yilianwang CGU is RMB40,437,000 lower than its carrying amount. Accordingly, an impairment loss partially allocated to Yilianwang CGU of RMB40,437,000 has been recognised in profit or loss for the year ended 31 December 2023. At 31 December 2024 and 31 December 2025, the recoverable amount of Yilianwang CGU is estimated to exceed its carrying amount (after goodwill impairment recognised in 2023) by approximately RMB15,059,000 and RMB4,251,000 respectively.

Management has identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount for CGUs. The following table shows the percentage point that these three assumptions would need to be individually for the estimated recoverable amount to be equal to the carrying amount.

	Key assumption required for carrying amount to equal recoverable amount		
	At 31 December		
	2023	2024	2025
Pre-tax discount rate			
– Shanghai Mukang Information Technology Co., Ltd.	N/A	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	N/A	15.36%	14.35%
Growth rate beyond the forecast period			
– Shanghai Mukang Information Technology Co., Ltd.	N/A	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	N/A	-2.52%	0.67%
Annual revenue growth rate during the forecast period			
– Shanghai Mukang Information Technology Co., Ltd.	N/A	N/A	N/A
– Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	N/A	1.91%	14.33%

15 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	115,310	125,380	130,981
Less: provision for impairment	(57,276)	(57,276)	(79,329)
	58,034	68,104	51,652

Details of the subsidiaries are set out in Note 1.

As at 31 December 2023, based on the assessment of the Group, the carrying amount of the Company's investment in subsidiaries, Yilianwang and Mukang exceeded their respective recoverable amounts and impairment losses of RMB57,276,000 had been recognised in 2023.

As at 31 December 2025, based on the assessment of the Group, the carrying amount of the Company's investment in subsidiaries, Yilianwang and Mukang exceeded their respective recoverable amounts and therefore, an additional impairment loss of RMB22,053,000 had been recognised in 2025.

16 INVENTORIES AND OTHER CONTRACT COSTS

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment costs	112,361	102,138	52,467
Others	1,373	1,322	1,385
	113,734	**103,460**	**53,852**
Less: provision for impairment	(4,309)	(3,712)	(8,997)
	109,425	**99,748**	**44,855**

The movement in impairment provision of inventories and contract fulfilment cost during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	(7,169)	(4,309)	(3,712)
Provision for impairment	(959)	(183)	(7,696)
Written-off	3,819	780	2,411
At the end of the year	(4,309)	(3,712)	(8,997)

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment costs	92,363	86,585	36,558
Others	1,373	1,322	1,171
	93,736	**87,907**	**37,729**
Less: provision for impairment	(3,837)	(3,088)	(8,455)
	89,899	**84,819**	**29,274**

17 CONTRACT ASSETS

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract assets, current	10,317	12,214	22,705
Less: credit loss allowance	(634)	(791)	(2,793)
	9,683	11,423	19,912
Contract assets, non-current	10,408	15,518	22,944
Less: credit loss allowance	(677)	(919)	(2,461)
	9,731	14,599	20,483

Contract assets are generally the final payments of revenue contracts which are due at the end of the warranty period of generally one year. Contract assets are recorded as the Group has no unconditional right on these amounts of consideration when the revenue is recognised.

18 LONG-TERM TRADE RECEIVABLES

The Group/the Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term trade receivables	15,087	15,896	16,557
Less: due within one year	–	(4,351)	(8,703)
Less: allowance for credit losses	(664)	(484)	(600)
	14,423	11,061	7,254

19 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	89,900	159,629	192,221
Bills receivable	451	–	–
Prepayment	4,012	3,241	1,828
Other receivables – amounts due from related parties	700	–	–
Other receivables – deposits and others	10,187	9,335	7,044
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	105,250	172,205	203,409

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	59,444	109,940	147,838
Bills receivable	451	–	–
Prepayment	3,558	3,012	2,356
Other receivables – amounts due from related parties	700	–	–
Other receivables – deposits and others	12,272	20,477	44,172
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	76,425	133,429	196,682

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

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	72,511	119,165	157,354
Over 1 year but less than 2 years	13,011	31,401	23,874
Over 2 years but less than 3 years	3,324	6,343	9,102
Over 3 years but less than 4 years	945	2,074	1,749
Over 4 years but less than 5 years	109	646	142
	89,900	159,629	192,221

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 33(a).

20 DERIVATIVE FINANCIAL INSTRUMENT

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial instruments	5,032	5,169	531

Upon the acquisition of 51% equity interest of Mukang in 2022, the Group and Mr. Ma Junhua ("Mr. Ma"), the non-controlling shareholder of Mukang have mutually agreed to grant each other a call option to purchase each other's equity interests of Mukang, together with a price adjustment mechanism based on the audited revenue of Mukang from 2021 to 2023 to the exercise price of the Group's option. If Mukang did not meet the performance targets and the Group also decided not to exercise its option, Mr. Ma should compensate the Group based on the extent to which the performance targets were achieved. This compensation should be settled through the transfer of the equity interests of Mukang. As the two options and price adjustment mechanism related to the exercise price of the purchase of non-controlling interests by the Group are related to the same risk exposure and are not readily separable and independent of each other, the whole arrangement is treated as a single compound embedded derivative and measured at fair value during the Track Record Period.

In August 2025, the Group entered into an addendum with Mr. Ma to cancel the option previously granted to Mr. Ma. As at 31 December 2025, the Group's call option has expired and Mr. Ma's option has been cancelled. The remaining carrying value of the derivative financial instruments represented the Group's rights to receive the equity value compensation from Mr. Ma, calculated in accordance with the aforementioned price adjustment mechanism.

21 FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets measured at FVPL:

Financial assets at FVTPL

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current asset			
Wealth management products	10,000	–	3,000

The Group's wealth management products were purchased from banks and financial institutions in the PRC with variable interest rate during the Track Record Period. All the wealth management products have been settled subsequently.

22 PLEDGED BANK DEPOSITS

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank deposits	2,571	2,013	3,124

As at 31 December 2023, 2024 and 2025, the Group's pledged bank deposits mainly include deposits for letters of guarantee and bank acceptance.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	97,180	81,399	75,846

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	80,468	54,380	46,352

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

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Loss before taxation		(352,141)	(206,906)	(234,232)
Adjustments for:				
Depreciation of property, plant and equipment	*6(c)*	2,228	2,123	1,927
Depreciation of right-of-use assets	*6(c)*	4,668	3,713	3,315
Amortisation of intangible assets	*6(c)*	6,247	6,277	6,277
Impairment of intangible assets	*6(c)*	–	–	5,591
Impairment of goodwill	*14*	57,140	–	–
Finance costs	*6(a)*	152,389	157,457	157,817
Interest income	*5*	(2,845)	(1,469)	(801)
Net realised and unrealised gains on financial assets measured at FVPL	*5*	(718)	(245)	(35)
Change in fair value of derivative financial instruments	*5*	(3,536)	(137)	4,638
Equity-settled share-based payment expenses	*6(b)*	5,222	1,420	40,852
Others		(150)	(48)	25
Changes in working capital:				
Decrease in inventories and other contract costs		12,888	9,677	54,893
(Increase)/decrease in pledged deposits		(227)	558	(1,111)
Increase in trade and other receivables and long-term trade receivables		(38,413)	(63,593)	(27,397)
Increase in contract assets		(5,826)	(6,608)	(14,373)
Increase in trade and other payables		4,305	33,844	41,904
Increase/(decrease) in contract liabilities		8,076	(18,326)	(49,761)
Increase/(decrease) in deferred income		115	(72)	57
Increase/(decrease) in warranty provision		1,983	(69)	2,962
Cash used in operations		(148,595)	(82,404)	(7,452)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Financial liabilities to acquire non-controlling interests	Financial instruments issue to investors	Total
	RMB'000 (Note 26)	RMB'000 (Note 28)	RMB'000 (Note 29)	RMB'000 (Note 30)	RMB'000
At 1 January 2023	76,794	2,170	119,446	1,440,022	1,638,432
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(3,670)	–	–	(3,670)
Interest element of lease rentals paid	–	(162)	–	–	(162)
Proceeds from loans and borrowings	83,100	–	–	–	83,100
Repayment of loans and borrowings	(77,380)	–	–	–	(77,380)
Interest of loans and borrowings paid	(3,127)	–	–	–	(3,127)
Total changes from financing cash flows	2,593	(3,832)	–	–	(1,239)

	Loans and borrowings	Lease liabilities	Financial liabilities to acquire non-controlling interests	Financial instruments issue to investors	Total
	RMB'000 *(Note 26)*	*RMB'000* *(Note 28)*	*RMB'000* *(Note 29)*	*RMB'000* *(Note 30)*	*RMB'000*
Other changes:					
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	6,448	–	–	6,448
Disposal of right-of-use assets	–	(2,668)	–	–	(2,668)
Interest charges *(Note 6(a))*	3,149	162	20,467	128,611	152,389
Total other changes	3,149	3,942	20,467	128,611	156,169
At 31 December 2023	82,536	2,280	139,913	1,568,633	1,793,362

	Loans and borrowings	Lease liabilities	Financial liabilities to acquire non-controlling interests	Financial instruments issue to investors	Total
	RMB'000 *(Note 26)*	*RMB'000* *(Note 28)*	*RMB'000* *(Note 29)*	*RMB'000* *(Note 30)*	*RMB'000*
At 1 January 2024	82,536	2,280	139,913	1,568,633	1,793,362
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(2,203)	–	–	(2,203)
Interest element of lease rentals paid	–	(437)	–	–	(437)
Proceeds from loans and borrowings	105,752	–	–	–	105,752
Repayment of loans and borrowings	(100,558)	–	–	–	(100,558)
Proceed from financial instruments issued to investors	–	–	–	60,000	60,000
Interest of loans and borrowings paid	(2,926)	–	–	–	(2,926)
Total changes from financing cash flows	2,268	(2,640)	–	60,000	59,628
Other changes:					
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	14,848	–	–	14,848
Disposal of right-of-use assets	–	(2,008)	–	–	(2,008)
Interest charges *(Note 6(a))*	2,928	437	12,654	141,438	157,457
Total other changes	2,928	13,277	12,654	141,438	170,297
At 31 December 2024	87,732	12,917	152,567	1,770,071	2,023,287

	Loans and borrowings	Lease liabilities	Financial liabilities to acquire non-controlling interests	Financial instruments issue to investors	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 28)*	*(Note 29)*	*(Note 30)*	
At 1 January 2025	87,732	12,917	152,567	1,770,071	2,023,287
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(1,248)	–	–	(1,248)
Interest element of lease rentals paid	–	(444)	–	–	(444)
Proceeds from loans and borrowings	118,639	–	–	–	118,639
Repayment of loans and borrowings	(113,908)	–	–	–	(113,908)
Proceed from financial instruments issued to investors	–	–	–	–	–
Interest of loans and borrowings paid	(2,169)	–	–	–	(2,169)
Total changes from financing cash flows	2,562	(1,692)	–	–	870
Other changes:					
Disposal of right-of-use assets	–	(99)	–	–	(99)
Interest charges *(Note 6(a))*	2,369	444	–	155,004	157,817
Modification of the financial liabilities to acquire non-controlling interests	–	–	(112,567)	–	(112,567)
Consideration borne by the ultimate controlling party *(Note 34(b))*	–	–	(25,000)	–	(25,000)
Total other changes	2,369	345	(137,567)	155,004	20,151
At 31 December 2025	92,663	11,570	15,000	1,925,075	2,044,308

(d) Total cash outflow for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	481	545	237
Within financing cash flows	3,832	2,640	1,692
	4,313	3,185	1,929

These amounts relate to the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease rentals paid	4,313	3,185	1,929

24 TRADE AND OTHER PAYABLES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	48,618	83,293	105,703
Accrued payroll	33,473	30,054	39,986
Tax payable	8,086	14,105	18,390
Other payables and accruals	9,556	6,125	11,402
Trade and other payables	99,733	133,577	175,481

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	39,058	72,039	114,214
Accrued payroll	18,717	12,794	19,762
Tax payable	6,377	11,394	15,770
Other payables and accruals	16,308	3,883	9,578
Trade and other payables	80,460	100,110	159,324

All trade and other payables of the Group are due to third parties and expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	28,195	55,647	54,517
Over 1 year	20,423	27,646	51,186
	48,618	83,293	105,703

25 CONTRACT LIABILITIES

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of healthcare AI solutions	102,622	84,296	34,535

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of healthcare AI solutions	82,557	71,576	22,792

The contract liabilities mainly relate to the Group's obligation to transfer goods or services to a customer for which advance considerations were received from customers. The amount is recognised as contract liability until the goods or services are delivered to the customer. The Group will recognise the expected revenue in the future when or as the performance obligation has been satisfied. The amount of contract liabilities expected to be recognised as income after more than one year is RMB32,706,000, RMB20,256,000 and RMB3,382,000 for 2023, 2024 and 2025, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

26 LOANS AND BORROWINGS

(a) Loans and borrowings comprise:

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	82,536	87,732	92,663

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	80,468	78,461	85,839

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

The Group

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	81,525	80,784	88,848
After 1 year but within 2 years	1,011	6,948	3,815
	82,536	87,732	92,663

The Company

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	80,468	78,461	85,839
After 1 year but within 2 years	–	–	–
	80,468	78,461	85,839

As at 31 December 2025, none of the loan covenants had been breached.

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

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Guaranteed bank loans *(i)*	–	2,002	–
Pledged bank loans *(ii)*	23,926	3,423	–
Credit loans	58,610	82,307	92,663
	82,536	87,732	92,663

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank loans	23,926	3,153	–
Credit loans	56,542	75,308	85,839
	80,468	78,461	85,839

(i) Loans and borrowings of the Group were guaranteed by Shanghai Small and Medium-sized Enterprises Policy Financing Guarantee Fund Management Center, Bao Yingjia, the supervisor of Mukang and Ma Junhua, the general manager and non-controlling interest holder of Mukang. The guaranteed loans in 2024 were RMB2,002,000. With the repayment of the guaranteed bank loans, the guarantee was released as at 31 December 2025.

(ii) Loans and borrowings of the Group were pledged by the following assets of the Group:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries-Senyi Yilianwang (Zhejiang) Technology Co., Ltd.	44,616	–	–
Investments in subsidiaries-Shanghai Mukang Information Technology Co., Ltd.	13,418	13,418	–
Time deposit	–	300	–
	58,034	13,718	–

27 PROVISIONS

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Warranty Provision *(i)*	9,850	9,781	12,743

(i) Under the terms of the Group's sales agreements, the Group offers warranties for its product. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

28 LEASE LIABILITIES

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

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,472	2,189	3,769
After 1 year but within 2 years	750	3,237	6,629
After 2 years but within 5 years	58	7,491	1,172
	808	10,728	7,801
	2,280	12,917	11,570

29 FINANCIAL LIABILITIES TO ACQUIRE NON-CONTROLLING INTERESTS/DERIVATIVE FINANCIAL LIABILITY

The Group

Financial liabilities to acquire non-controlling interests

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	119,446	139,913	152,567
Modification of the financial liabilities to acquire non-controlling interests	–	–	(112,567)
Consideration borne by the ultimate controlling party *(Note 34(b))*	–	–	(25,000)
Interest charges *(Note 6(a))*	20,467	12,654	–
At the end of the year	139,913	152,567	15,000

Upon the acquisition of 51% equity interests in Yilianwang in 2022, the Group has agreed to purchase the remaining 49% non-controlling interests from non-controlling interest holder with a price mechanism based on audited revenue of Yilianwang for the year ending 31 December 2023. The Group recognised its obligation to purchase its own equity instruments as a financial liability and measured at amortised cost subsequently. Any changes in the carrying amount of the financial liability arising from the remeasurement of the payment is recognised in profit or loss as finance costs.

On 5 September 2025, the Group entered into a supplemental agreement to modify the consideration for the purchase of the remaining 49% equity interests in Yilianwang from RMB152,567,000 to RMB40,000,000. Mr. Cheng Ren is both the non-controlling interest holder of Yilianwang and a shareholder of the Group. The modification was considered as a transaction with shareholders in their capacity as shareholders. Accordingly, the difference between the carrying amount of the financial liabilities immediately before the modification of RMB152,567,000 and the revised consideration of RMB40,000,000, amounted to RMB112,567,000 was recognised directly in equity as capital reserve.

Of the revised consideration of RMB40,000,000, RMB25,000,000 was borne by the Group's ultimate controlling party, Mr. Zhang Shaodian, and the remaining RMB15,000,000 was borne by the Group. Therefore, the portion borne by the ultimate controlling party was considered as a capital contribution from a shareholder and recognised in equity as capital reserve.

The Company

Derivative financial liabilities/(assets)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	68,947	117,193	112,735
Modification of the consideration to be paid	–	–	(112,567)
Consideration borne by the ultimate controlling party	–	–	(25,000)
Change in fair value of derivative financial instruments	48,246	(4,458)	14,058
At the end of the year	117,193	112,735	(10,774)

The Company recognised the obligation to purchase the remaining non-controlling interests in its subsidiary as derivative financial liability/(assets) and measured at fair value subsequently. The Company's management performed fair value assessment, assisted by an external valuer, to determine the fair value of the derivative financial liability/(assets) at the end of each reporting period.

In connection with the supplemental agreement described above, the modification of the consideration to purchase the remaining 49% equity interests in Yilianwang and the portion borne by the ultimate controlling party were considered as a transaction with shareholders in their capacity as shareholders and recognised in equity as capital reserve.

The financial liabilities to acquire non-controlling interests or the derivative financial liabilities/(assets) were classified as current liabilities/(assets) or non-current liabilities/(assets) based on the expected settlement dates as at 31 December 2023, 2024 and 2025.

30 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Pursuant to the agreements between the Company and its investors, certain investors were granted the right to require the Company to redeem their paid-in capital for cash upon specified events (the "Redemption Right"), including: (i) a qualified [**REDACTED**] does not occur before specified dates; (ii) a material breach on the Agreement by the Company or the founders, of any of their representations, warranties or undertakings under the Agreement; and (iii) a change in the actual controllers of the Company.

The redemption price of the shares shall equal the aggregate of the original issue price plus simple or compound interest accruing at a rate of 8% or 10% per annum, deducting all accumulated distributed dividends.

The Company recognised its obligation to pay cash to those investors with Redemption Right as financial liabilities, because not all triggering events are within the control of the Company. The financial liabilities are measured at the highest present value of the settlement amounts that can arise.

The movements of the redemption liabilities during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,440,022	1,568,633	1,770,071
Recognition of financial instruments issued to investors	–	60,000	–
Interest charges *(Note 6(a))*	128,611	141,438	155,004
At the end of the year	1,568,633	1,770,071	1,925,075

The redemption liabilities were classified as current liabilities or non-current liabilities based on the due dates of the specified events as at 31 December 2023, 2024 and 2025.

31 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) 2017 Option Scheme

The Group has a share option scheme (the "2017 Option Scheme") which was approved by the board of directors of the Group on 30 August 2017.

The 2017 Option Scheme contains certain service conditions. The vesting period is either of the following scenarios: (i) vesting of 25% of the options upon completion of the first year of service, followed by every 6 months vesting of 1/8th of the options for each full six-months of service thereafter; (ii) vesting of 50% of the options upon completion of the first year of service, followed by vesting of 50% of the options upon completion of the second year of service, or (iii) vesting of 100% of the options upon the grant date.

On 31 August 2025, the Group adopted a restricted share units scheme (the "2025 RSU Scheme") to replace the 2017 Option Scheme for the purpose of providing incentives to eligible directors, employees and external consultants of the Group. This replacement was deemed as a modification as the type of equity instruments granted was modified from share options to restricted share units (the "RSU"), and the exercise price and the service condition were also revised. The Group accounts for these modifications in accordance with the accounting policy set out in Note 2(t)(ii). The Group recognised the incremental fair value over the remaining modified vesting period, of which RMB8,723,000 was recognised in 2025.

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

	Number of options	Vesting conditions	Contractual life of options
	'000		
Options granted to directors:			
– Prior to 31 December 2022	9,123	0-4 years	10 years
– In 2023	–	–	–
– In 2024	–	–	–
– In 2025	–	–	–
Options granted to employees and external consultants:			
– Prior to 31 December 2022	65,461	0-4 years	10 years
– In 2023	–	–	–
– In 2024	–	–	–
– In 2025	–	–	–
		–	–
Total share options granted before 31 August 2025	74,584	0-4 years	10 years

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

	2023		2024		2025	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*
Outstanding at the beginning of the year	1.84	46,041	1.58	40,592	1.78	28,354
Exercised during the year	1.08	(231)	2.46	(306)	0.21	(1,010)
Forfeited during the year	4.13	(2,509)	5.00	(696)	5.00	(190)
Expired during the year	3.72	(2,691)	0.85	(11,236)	2.34	(7,022)
Repurchased during the year	5.00	(18)	–	–	1.00	(1,000)
Replaced by RSUs at 31 August 2025	–	–	–	–	0.01	(19,132)
Outstanding at the end of the year	1.58	40,592	1.78	28,354	–	–
Exercisable at the end of the year	1.22	36,635	1.55	26,613	–	–

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. Key assumptions used in determining the fair value of the share options granted are as follows:

	2017 Option Scheme
Fair value of share options and assumptions	
Fair value at measurement date	RMB0.12-4.04
Exercise price	RMB0.00-5.00
Expected volatility	59.73%-75.65%
Option life	10 years
Expected dividends	–
Risk-free interest rate	2.57%-3.89%

(b) 2025 RSU scheme

On 31 August 2025, the 2025 RSU Scheme was authorised to reward the contributions of eligible directors, employees and external consultants of the Group. The participants of the 2025 RSU Scheme have rights to invest in the Company by way of subscribing for issued share capital of the Company through certain employee incentive platforms. The RSUs granted under the 2025 RSU Scheme shall be vested upon satisfying either service conditions only or both service conditions and a specific non-market performance condition, over a prescribed service period. Vesting occurs over five years of continuous service or upon the [**REDACTED**], whichever is later.

(i) The terms and conditions of the RSUs granted as at 31 December 2025 are as follows:

	2025	
	Number of RSUs	Weighted average exercise price
	'000	*RMB*
Outstanding at the beginning of the year	–	–
Share options replaced by RSUs at 31 August 2025*	4,995	0.42
Granted during the year	7,505	0.89
Forfeited during the year	(32)	1.20
Outstanding at the end of the year	12,468	0.70

* The number of options under 2017 Option Scheme is proportionally converted to the number of RSUs under 2025 RSU scheme.

(ii) Fair value of RSUs and assumptions

The fair value of services received in return for RSUs granted of the Company is measured by reference to the fair value of RSUs granted.

	2025 RSU Scheme
Fair value of RSUs and assumptions	
Fair value at measurement date	RMB21.69
Exercise price	RMB0.00-20.81
Expected volatility	64.50%-67.02%
Expected dividends	–
Risk-free interest rate	1.28%

The expected volatility is derived from the historical volatility of comparable companies, which is based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Note	**Paid-in capital**	**Capital Reserve**	**Share Capital**	**Share Premium**	**Shares held for employee incentive scheme**	**Share-based payments reserve**	**Accumulated losses**	**Total deficit**
		RMB'000 *(Note 32(c))*	*RMB'000* *(Note 32(d))*	*RMB'000* *(Note 32(c))*	*RMB'000* *(Note 32(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		85,348	(44,414)	–	–	(8,113)	61,548	(1,319,039)	(1,224,670)
Loss and total comprehensive income for the year		–	–	–	–	–	–	(375,409)	(375,409)
Equity settled share-based payments	*31*	–	–	–	–	–	5,222	–	5,222
Balance at 31 December 2023 and 1 January 2024		85,348	(44,414)	–	–	(8,113)	66,770	(1,694,448)	(1,594,857)
Loss and total comprehensive income for the year		–	–	–	–	–	–	(170,102)	(170,102)
Capital injection from investors		2,359	57,923	–	–	–	–	–	60,282
Recognition of financial instruments issued to investors	*30*	–	(60,000)	–	–	–	–	–	(60,000)
Equity settled share-based payments	*31*	–	–	–	–	–	1,420	–	1,420
Balance at 31 December 2024 and 1 January 2025		87,707	(46,491)	–	–	(8,113)	68,190	(1,864,550)	(1,763,257)
Loss and total comprehensive income for the year		–	–	–	–	–	–	(241,408)	(241,408)
Capital contribution		4,355	4,355	–	–	(4,355)	–	–	4,355
Equity settled share-based payments	*31*	–	–	–	–	–	40,852	–	40,852
Modification of the consideration to be paid	*29*	–	112,567	–	–	–	–	–	112,567
Capital contribution from the ultimate controlling party	*29*	–	25,000	–	–	–	–	–	25,000
Conversion into a joint stock company	*32*	(92,062)	(1,226,677)	92,062	61,767	–	–	1,164,910	–
Balance at 31 December 2025		–	(1,131,246)	92,062	61,767	(12,468)	109,042	(941,048)	(1,821,891)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

(c) Paid-in capital and share capital

Issued and fully paid:

	Paid-in capital	Share capital
	RMB'000	*RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	85,348	–
Capital injection from investors	2,359	–
At 31 December 2024 and 1 January 2025	87,707	–
Capital contribution	4,355	–
Issue of ordinary share upon conversion into a joint stock limited liability company	(92,062)	92,062
At 31 December 2025	–	92,062

On 23 September 2025, the Company was converted into a joint stock limited company under the Company Law of the PRC. Upon the completion of the conversion, 92,061,897 shares with a nominal value of RMB1.0 each were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.

(d) Nature and purpose of reserves

(i) Share premium

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders. The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(ii) Capital reserve

The capital reserve mainly comprises the following:

– the share-based payments reserve comprises the Group's equity-settled shared-based payments (see Note 31).

– amounts in relation to the recognition of the financial instruments issued to investors (see Note 30).

– amounts in relation to the recognition of the financial liability to acquire non-controlling interests.

– the differences between the net received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company.

(iii) Shares held for employee incentive scheme

– The employee incentive scheme is described in Note 31, and 8,113,000, 8,113,000 and 12,468,000 shares were held by employee incentive platforms as at December 31, 2023, 2024 and 2025 respectively.

(e) Capital management

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

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

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and pledged bank deposits is limited because the counterparties are banks and financial institutions for which the Group considers having low credit risk. The Group's exposure to credit risk arising from refundable deposits is considered to be low, taking into account the landlords and customers' credit rating.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 180 days to 270 days from the date of billing. Normally, the Group does not obtain collaterals from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023, 2024 and 2025 represented 34.9%, 21.8% and 20.2% of the total trade receivables respectively, while 16.8%, 8.8% and 7.0% of the total trade receivables were due from the largest single customer respectively.

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

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

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 year	4.92%	90,602	4,458
Over 1 year but less than 2 years	11.33%	20,402	2,311
Over 2 years but less than 3 years	21.65%	5,136	1,112
Over 3 years but less than 4 years	48.08%	1,820	875
Over 4 years but less than 5 years	65.73%	321	211
Over 5 years	100.00%	186	186
		118,467	9,153
Individual basis for certain customers		8,378	8,378
Long-term trade receivables		15,087	664
		141,932	18,195

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	4.89%	145,269	7,102
Over 1 year but less than 2 years	11.22%	41,623	4,672
Over 2 years but less than 3 years	20.15%	9,753	1,965
Over 3 years but less than 4 years	44.35%	3,772	1,673
Over 4 years but less than 5 years	60.90%	1,652	1,006
Over 5 years	100.00%	293	293
		202,362	16,711
Individual basis for certain customers		9,408	9,408
Long-term trade receivables		11,545	484
		223,315	26,603

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	7.64%	204,385	15,609
Over 1 year but less than 2 years	15.93%	37,203	5,926
Over 2 years but less than 3 years	27.35%	14,634	4,002
Over 3 years but less than 4 years	51.28%	3,674	1,884
Over 4 years but less than 5 years	61.79%	369	228
Over 5 years	100.00%	921	921
		261,186	28,570
Individual basis for certain customers		17,567	17,567
Long-term trade receivables		7,854	600
		286,607	46,737

Expected loss rates are based on actual loss experience over the past 48 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	11,328	18,195	26,603
Amounts written (off)/back	(4,048)	–	2,215
Impairment losses recognised during the year	10,915	8,408	17,919
At the end of the year	18,195	26,603	46,737

Other receivables, deposits and long-term trade receivables

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to customers.

The Group measures loss allowances for other receivables, deposits and long-term trade receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 2025.

(b) Liquidity risk

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

	At 31 December 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	84,509	1,096	–	85,605	82,536
Trade and other payables	99,733	–	–	99,733	99,733
Lease liabilities	1,531	811	65	2,407	2,280
Financial liability to acquire non-controlling interests	152,567	–	–	152,567	139,913
Financial instruments issued to investors	1,707,204	–	–	1,707,204	1,568,633
	2,045,544	1,907	65	2,047,516	1,893,095

	At 31 December 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	83,579	7,508	–	91,087	87,732
Trade and other payables	133,577	–	–	133,577	133,577
Lease liabilities	2,277	3,501	8,426	14,204	12,917
Financial liability to acquire non-controlling interests	152,567	–	–	152,567	152,567
Financial instruments issued to investors	–	2,092,252	–	2,092,252	1,770,071
	372,000	2,103,261	8,426	2,483,687	2,156,864

	At 31 December 2025				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	91,229	4,122	–	95,351	92,663
Trade and other payables	175,481	–	–	175,481	175,481
Lease liabilities	3,920	7,170	1,318	12,408	11,570
Financial liability to acquire non-controlling interests	–	15,000	–	15,000	15,000
Financial instruments issued to investors	2,092,252	–	–	2,092,252	1,925,075
	2,362,882	26,292	1,318	2,390,492	2,219,789

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 are primarily the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate.

	At 31 December					
	2023		2024		2025	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Fixed rate instruments						
Bank loans	3.00%-3.90%	(69,523)	2.90%-4.10%	(79,724)	2.40%-3.95%	(72,648)
Pledged bank deposits	1.10%	125	0.10%-1.70%	734	0.70%	567
Lease liabilities	3.34%-3.91%	(2,280)	3.34%-4.24%	(12,917)	3.34%-4.24%	(11,570)
		(71,678)		(91,907)		(83,651)
Variable rate instruments						
Bank loans	3.30%	(13,013)	3.20%	(8,008)	2.40%-2.65%	(20,015)
Pledged bank deposits	0.20%	2,446	0.10%	1,279	0.05%	2,557
Cash and cash equivalents	0.00%-2.85%	97,180	0.00%-1.15%	81,399	0.00%-0.90%	75,846
		86,613		74,670		58,388

(d) Sensitivity risk

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

	Increase/(decrease) in basis points	(Decrease)/increase in loss after tax for the year	(Decrease)/increase in accumulated losses for the year
		RMB'000	*RMB'000*
At 31 December 2023			
Basis points	100	(866)	(866)
Basis points	(100)	866	866
At 31 December 2024			
Basis points	100	(747)	(747)
Basis points	(100)	747	747
At 31 December 2025			
Basis points	100	(584)	(584)
Basis points	(100)	584	584

(e) Currency risk

The amounts of foreign currency-denominated financial instruments held by the Group at each track record period were not material and therefore there is no material foreign exchange exposure or exchange rate risk.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVTPL:				
– Wealth management products	10,000	–	–	10,000
– Derivative financial instruments	5,032	–	–	5,032

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVTPL:				
– Wealth management products	–	–	–	–
– Derivative financial instruments	5,169	–	–	5,169

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVTPL:				
– Wealth management products	3,000	–	–	3,000
– Derivative financial instruments	531	–	–	531

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

Information about Level 3 fair value measurements

The fair values of wealth management products and derivative financial instruments have been estimated using a discounted cash flow valuation model and binomial option pricing model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management, discount rate and expected volatility. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each reporting period.

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVPL and derivative financial instruments at the end of each reporting period:

31 December 2023

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products . . .	Discounted cash flow method	Interest return rate	2.75%-3.15%
Derivative financial instruments .	Discounted cash flow method	Discount rate	11.3%
	Binomial option pricing model	Expected volatility	45.86%

31 December 2024

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products . . .	Discounted cash flow method	Interest return rate	1.65%-2.60%
Derivative financial instruments .	Discounted cash flow method	Discount rate	11.0%
	Binomial option pricing model	Expected volatility	57.91%

31 December 2025

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products . . .	Discounted cash flow method	Interest return rate	1.30%-2.00%
Derivative financial instruments .	Discounted cash flow method	Discount rate	11.9%

Below is a summary of significant unobservable inputs to the valuation of derivative financial instruments with a quantitative sensitivity analysis at the end of each reporting period:

	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input: Increase/(decrease) in multiple	Sensitivity of fair value to the input: (Decrease)/increase in fair value
				RMB'000
31 December 2023				
Derivative financial instruments:	Discounted cash flow method	Discount rate	1%	(403)
			-1%	429
	Binomial option pricing model	Expected volatility	1%	(58)
			-1%	58
31 December 2024				
Derivative financial instruments:	Discounted cash flow method	Discount rate	1%	(577)
			-1%	591
	Binomial option pricing model	Expected volatility	1%	(43)
			-1%	43
31 December 2025				
Derivative financial instruments:	Discounted cash flow method	Discount rate	1%	(187)
			-1%	228

Below is a summary of significant unobservable inputs to the valuation of wealth management products with a quantitative sensitivity analysis at the end of each reporting period:

	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input: Increase/(decrease) in discount rate	Sensitivity of fair value to the input: Increase/(decrease) in fair value
				RMB'000
31 December 2023				
Wealth management products:	Discounted cash flow method	Interest return rate	1%	100
			-1%	(100)
31 December 2024				
Wealth management products:	Discounted cash flow method	Interest return rate	1%	N/A
			-1%	N/A
31 December 2025				
Wealth management products:	Discounted cash flow method	Interest return rate	1%	30
			-1%	(30)

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products:			
At the beginning of the year	9,985	10,000	–
Purchase	197,000	84,000	41,000
Changes in fair value recognised in profit or loss during the year	718	245	35
Redemption	(197,703)	(94,245)	(38,035)
At the end of the year	10,000	–	3,000
Derivative financial instruments:			
At the beginning of the year	1,496	5,032	5,169
Change in fair value of derivative financial instruments	3,536	137	(4,638)
At the end of the year	5,032	5,169	531

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

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

34 MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, the directors are of the view that the following persons are related party:

Name of party	Relationship
Zhang Shaodian	Founder of the Company and Shareholder
Ma Handong	Founder of the Company and Shareholder

(a) Balances and transactions with related parties

As at 31 December 2023, 2024 and 2025, the Group had the following balances with related parties:

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other receivables due from:			
Zhang Shaodian	200	–	–
Ma Handong	500	–	–

The amounts due from related parties are non-trade in nature, unsecured, interest-free and have been settled in 2024.

(b) Transaction with related parties

	At 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advance to:			
Zhang Shaodian	200	–	–
Ma Handong	500	–	–
Consideration to acquire non-controlling interests in Yilianwang borne by the ultimate controlling party:			
Zhang Shaodian	–	–	25,000

Detailed disclosure of the consideration to acquire non-controlling interests in Yilianwang borne by the ultimate controlling party is set out in Note 29.

(c) Key management personnel remuneration

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	2,167	2,560	2,561
Discretionary bonuses	811	669	1,204
Contributions to defined contribution retirement plan	226	249	282
Equity-settled share-based payment expenses	261	107	18,028
	3,465	3,585	22,075

Total remuneration is included in staff costs (see Note 6(b)).

35 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In January 2026, the Company signed share subscription agreements with certain independent third-party investors. The issuance of 655,941 new shares was completed in February 2026, with aggregate proceeds of RMB22,800,000.

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2023, 2024 and 2025, the directors consider the immediate controlling party and ultimate controlling party of the Group to be Dr. Zhang Shaodian, Dr. Ma Handong, Shanghai Senji Enterprise Management Partnership (Limited Partnership), Shanghai Senjing Enterprise Management Partnership (Limited Partnership), Hangzhou Chuangji Enterprise Management Partnership (Limited Partnership) and Shanghai Senqi Enterprise Management Partnership (Limited Partnership).

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

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period, and which have not been adopted in preparing the Historical Financial Information.

These developments include the following:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

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

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

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

SUBSEQUENT FINANCIAL STATEMENTS

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