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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHOUHUI GROUP LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LTD.

Introduction

We report on the historical financial information of Shouhui Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I – 4 to I – 60, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2023 and 2024, 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 2022, 2023 and 2024 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I – 4 to I – 60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated [date] (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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



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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024, and the Company's financial position as at 31 December 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in *Note 1* to the Historical Financial Information.



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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I – 4 have been made.

Dividends

We refer to *Note 25(e)* to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building
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22 May 2025



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 Huazhen LLP Shenzhen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").



Consolidated statements of profit or loss and other comprehensive income
Expressed in Renminbi ("RMB")

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	4	806,258	1,634,395	1,387,086
Cost of revenue		(525,840)	(1,082,596)	(858,206)
Gross profit		280,418	551,799	528,880
Other net income	5	13,517	12,921	13,682
Sales and marketing expenses		(98,174)	(139,358)	(136,285)
General and administrative expenses		(54,915)	(84,080)	(98,023)
Research and development expenses		(53,508)	(61,078)	(50,955)
Reversal of/(provision for) impairment loss	6(c)	111	(1,776)	(962)
Profit from operations		87,449	278,428	256,337
Finance costs	6(a)	(464)	(461)	(258)
Changes in carrying amount of financial instruments issued to investors	24	61,556	(584,340)	(345,035)
Share of profits/(losses) of associates	23	313	75	(1,234)
Profit/(loss) before taxation		148,854	(306,298)	(90,190)
Income tax	7	(17,867)	(49,911)	(45,419)
Profit/(loss) for the year		130,987	(356,209)	(135,609)
Other comprehensive income for the year (after tax)				
Exchange differences on translation of financial statements of operations outside the Chinese mainland		–	1	2,886
Other comprehensive income for the year		–	1	2,886
Total comprehensive income for the year		130,987	(356,208)	(132,723)
Profit/(loss) attributable to:				
Equity shareholders of the Company		130,881	(356,164)	(136,116)
Non-controlling interests		106	(45)	507
Profit/(loss) for the year		130,987	(356,209)	(135,609)
Total comprehensive income attributable to:				
Equity shareholders of the Company		130,881	(356,163)	(133,230)
Non-controlling interests		106	(45)	507
Total comprehensive income for the year		130,987	(356,208)	(132,723)
Basic and diluted earnings/(loss) per share (RMB)	10	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.



Consolidated statements of financial position
Expressed in Renminbi ("RMB")

		As at 31 December		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	234	217	153
Intangible assets	12	40,615	40,607	40,599
Right-of-use assets	13	7,013	9,088	6,376
Interests in associates	23	3,593	3,668	5,089
Deferred tax assets	22(b)	61,193	121,458	140,807
Prepayment, other receivables and other assets	16	2,604	2,962	3,179
Contract assets	15	92,973	293,297	459,029
Restricted cash	17(b)	10,241	10,240	10,242
		<u>218,466</u>	<u>481,537</u>	<u>665,474</u>
Current assets				
Prepayment, other receivables and other assets	16	27,426	29,979	26,357
Accounts receivable	15	216,866	158,490	96,080
Contract assets	15	245,467	338,305	390,555
Financial assets measured at fair value through profit or loss	14	240,367	369,522	504,796
Restricted cash	17(b)	63,213	49,528	39,564
Cash and cash equivalents	17(a)	95,241	130,491	113,368
		<u>888,580</u>	<u>1,076,315</u>	<u>1,170,720</u>
Current liabilities				
Accounts payable	18	272,596	331,846	360,886
Borrowings	20	8,810	—	—
Other payables, accruals and other liabilities	21	119,842	163,234	126,840
Lease liabilities	19	3,621	5,343	4,329
Financial instruments issued to investors	24	899,907	1,357,136	1,702,171
Current taxation	22	157,104	237,093	277,653
		<u>1,461,880</u>	<u>2,094,652</u>	<u>2,471,879</u>
Net current liabilities		<u>(573,300)</u>	<u>(1,018,337)</u>	<u>(1,301,159)</u>
Total assets less current liabilities . . .		<u>(354,834)</u>	<u>(536,800)</u>	<u>(635,685)</u>

The accompanying notes form part of the Historical Financial Information.



		As at 31 December		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Accounts payable	18	15,923	85,907	102,730
Lease liabilities	19	3,348	3,458	1,388
		<u>19,271</u>	<u>89,365</u>	<u>104,118</u>
NET LIABILITIES		<u>(374,105)</u>	<u>(626,165)</u>	<u>(739,803)</u>
EQUITY				
Paid-in capital/share capital	25(b)	6,191	6,053	*
Reserves	25(c)	<u>(380,789)</u>	<u>(632,666)</u>	<u>(740,758)</u>
Total deficit attributable to				
Equity shareholders of				
the Company		<u>(374,598)</u>	<u>(626,613)</u>	<u>(740,758)</u>
Non-controlling interests		<u>493</u>	<u>448</u>	<u>955</u>
TOTAL DEFICIT		<u>(374,105)</u>	<u>(626,165)</u>	<u>(739,803)</u>

* The balance represents amount less than RMB500.

The accompanying notes form part of the Historical Financial Information.



Statements of financial position of the Company
Expressed in Renminbi ("RMB")

	Note	As at 31 December	
		2023	2024
		RMB'000	RMB'000
Non-current assets			
Investment in subsidiaries	29(a)	1,118	15,742
Prepayment, other receivable and other assets	29(b)	—	119,352
		<u>1,118</u>	<u>135,094</u>
Current assets			
Cash and cash equivalents		*	29,092
Financial assets at fair value through profit or loss	29(c)	—	98,193
		<u>*</u>	<u>127,285</u>
Current liabilities			
Other payables, accruals and other liabilities	29(d)	142	1,654
Financial instruments issued to investors	24	—	1,702,171
		<u>142</u>	<u>1,703,825</u>
Net current liabilities		<u>(142)</u>	<u>(1,576,540)</u>
Total assets less current liabilities		<u>976</u>	<u>(1,441,446)</u>
NET ASSETS/(LIABILITIES)		<u>976</u>	<u>(1,441,446)</u>
EQUITY			
Share capital	25(a)	*	*
Reserves	25(a)	<u>976</u>	<u>(1,441,446)</u>
TOTAL EQUITY/(DEFICIT)		<u>976</u>	<u>(1,441,446)</u>

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity
Expressed in Renminbi ("RMB")

	Attributable to equity shareholders of the Company							
	Reserves							Total deficit
	Paid-in capital (note 25(b))	Capital reserve (note 25(c)(i))	Shares held for employee shareholding platforms (note 25(c)(ii))	Share-based compensation reserve (note 25(c)(iii))	Other reserve (note 25(c)(iv))	Foreign exchange reserve (note 25(c)(v))	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022	6,191	(274,747)	(40)	5,238	5,138	-	(254,489)	(512,684)
Profit and other comprehensive income	-	-	-	-	-	-	-	-
for the year	-	-	-	-	-	-	-	-
Capital contribution by non-controlling shareholder of a subsidiary	-	1,614	-	-	-	-	-	2,000
Repurchase of shares from non-controlling shareholders	-	24	-	-	-	-	-	(24)
Share-based compensation	-	-	-	5,592	-	-	-	5,592
Balance as at 31 December 2022 and 1 January 2023	6,191	(273,109)	(40)	10,830	5,138	-	(123,608)	(374,105)
Loss and other comprehensive income for the year	-	-	-	-	-	-	-	-
Repurchase of financial instruments issued to investors	(817)	96,928	-	-	-	-	-	96,111
Capital injection from shareholders	679	-	(562)	-	-	-	-	117
Share-based compensation	-	-	-	7,920	-	-	-	7,920
Balance as at 31 December 2023	6,053	(176,181)	(602)	18,750	5,138	1	(479,772)	(626,165)

The accompanying notes form part of the Historical Financial Information.



Attributable to equity shareholders of the Company

	Reserves										
	Paid-in capital/Share capital (note 25(b))	Share premium (note 25(d))	Capital reserve (note 25(c)(i))	Shares held for employee shareholding platforms (note 25(c)(ii))	Share-based compensation reserve (note 25(c)(iii))	Other reserve (note 25(c)(iv))	Foreign exchange reserve (note 25(c)(v))	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January											
2024	6,053	-	(176,181)	(602)	18,750	5,138	1	(479,772)	(626,613)	448	(626,165)
Profit/(loss) and other comprehensive income for the year	-	-	-	-	-	-	2,886	(136,116)	(133,230)	507	(132,723)
Arising from Reorganisation	(6,053)	-	6,053	602	-	(5,138)	-	5,138	602	-	602
Issuance of ordinary shares	*	3,931	-	(*)	-	-	-	-	3,931	-	3,931
Share-based compensation	-	9,015	-	*	5,537	-	-	-	14,552	-	14,552
Balance as at 31 December											
2024	*	12,946	(170,128)	(*)	24,287	-	2,887	(610,750)	(740,758)	955	(739,803)

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.



Consolidated statements of cash flows
Expressed in Renminbi ("RMB")

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash (used in)/generated from operations	17(c)	(42,485)	231,083	135,607
Income tax paid		(11,776)	(26,015)	(25,507)
Net cash (used in)/generated from operating activities		<u>(54,261)</u>	<u>205,068</u>	<u>110,100</u>
Investing activities				
Proceeds from redemption of wealth management products		680,436	1,134,769	2,461,142
Payment for purchase of wealth management products		(760,317)	(1,257,562)	(2,584,627)
Proceeds from disposal of property, plant and equipment and intangible assets		35	–	–
Payment for the purchase of property, plant and equipment and intangible assets		(72)	(52)	(5)
Disposal of a subsidiary		–	(242)	–
Payment for acquisition of a subsidiary, net of cash acquired		–	–	–
Payment for the investment in an associate		(1,500)	–	–
Repayment from a related party		–	26	–
Net cash used in investing activities		<u>(81,418)</u>	<u>(123,061)</u>	<u>(123,490)</u>
Financing activities				
Capital contribution from shareholders		2,000	679	3,931
Advances to shareholders during Reorganisation		–	(206,000)	–
Repayment from shareholders during Reorganisation		–	206,000	–
Issuance of preferred shares by the Company		–	–	235,627
Repurchase of financial instruments issued to investors		–	(31,000)	(235,627)
Proceeds from borrowings	17(d)	10,000	–	–
Repayment for borrowings	17(d)	(9,100)	(8,800)	–
Interest paid	17(d)	(257)	(163)	–
Capital element of lease rentals paid	17(d)	(4,507)	(5,429)	(6,681)
Interest element of lease rentals paid	17(d)	(207)	(308)	(258)
Listing expenses paid as financing activities		–	(1,736)	(1,117)
Net cash used in financing activities		<u>(2,071)</u>	<u>(46,757)</u>	<u>(4,125)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(137,750)</u>	<u>35,250</u>	<u>(17,515)</u>
Cash and cash equivalents at the beginning of the year		232,991	95,241	130,491
Effect of foreign exchange rate changes		–	*	392
Cash and cash equivalents at the end of the year	17(a)	<u>95,241</u>	<u>130,491</u>	<u>113,368</u>

* The balance represents amount less than RMB500.

The accompanying notes form part of the Historical Financial Information.



NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Shouhui Group Limited (the “Company”) was incorporated in Cayman Islands on 3 August 2023 as an exempted company with limited liability under the Companies Law (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in providing insurance transaction services and insurance technology services in the People’s Republic of China (the “PRC”) (the “Listing Businesses”).

Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Shenzhen Shouhui Technology Group Co., Ltd. (“Shenzhen Shouhui”) and its subsidiaries (collectively, the “PRC Operating Entities”). According to the PRC laws and regulations, the value-added telecommunication business, the insurance brokerage, insurance agency and claim adjustment business (the “Restricted Business”) are subject to foreign investment restrictions and compliance with foreign investor requirements while the rest of the Listing Businesses (the “Unrestricted Business”) are not subject to such restrictions. To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent a corporate reorganisation (“Reorganisation”), as detailed in the section headed “History, Reorganization and Corporate Structure” of the Prospectus.

As part of the Reorganisation, the Unrestricted Business was transferred to and owned by Shenzhen Shouhui Chuangxiang Technology Co., Ltd. (formerly known as Shouhui Chuangxiang Investment Consulting Co., Ltd.) (“Shouhui Chuangxiang”), a subsidiary of Tianjin Shouhui Investment Co., Ltd. (“Tianjin Shouhui Investment”, the “WFOE”) which is an indirectly wholly-owned subsidiary of the Company. For the Restricted Business, Shouhui Chuangxiang entered into a series of contracts (the “Contractual Arrangements”) with Shenzhen Shouhui and its respective registered shareholders, details of which are set out in the section headed “Contractual Arrangements” of the Prospectus. As a result of the Contractual Arrangements, through the WFOE and Shouhui Chuangxiang, the Group has rights to exercise power over the Restricted Business, receive variable returns from its involvement in the Restricted Business and has the ability to affect the returns through its power over the Restricted Business. Consequently, the Group has control over the Restricted Business and regard the entities operating the Restricted Business as controlled entities. The directors of the Company have determined that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legally enforceable. Upon completion of the Reorganisation on 10 January 2024, the Company became the holding company of the companies now comprising the Group.

The Reorganisation principally involved inserting several newly formed entities with no substantive operations as the new holding companies of the PRC Operating Entities. There were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial information of the Listing Businesses with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or where the companies were incorporated/established at a date later than 1 January 2022, for the period from the date of incorporation/establishment to 31 December 2024. The consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as of those dates as if the current group structure had been in existence as of the respective dates taking into account the respective dates of incorporation/establishment, where applicable.



As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued/paid-up capital	Proportion of ownership interest	Principal activities and place of operation	Name of statutory auditor
Directly held by the Company					
Shouhui Holding Limited (a)	British Virgin Islands/ 10 August 2023	Issued: USD1 Paid-up: nil	100.00%	Investment holding/ British Virgin Islands	N/A
StarSong Tech Limited (a)	British Virgin Islands/ 24 October 2023	Issued: USD1 Paid-up: nil	100.00%	Investment holding/ British Virgin Islands	N/A
Indirectly held by the Company					
Shouhui Tech H.K. Limited	Hong Kong/ 21 August 2023	Issued: USD1 Paid-up: USD1	100.00%	Investment holding/ Hong Kong	2023: MILLION TRUSTFUL CPA LIMITED
StarSpark Tech H.K. Limited	Hong Kong/ 7 November 2023	Issued: USD1 Paid-up: USD1	100.00%	Investment holding/ Hong Kong	2023: MILLION TRUSTFUL CPA LIMITED
Tianjin Shouhui Investment Co., Ltd. (a) (b) (天津手回投資有限公司)	The PRC/ 13 November 2023	Issued: USD100,000,000 Paid-up: USD13,903,433	100.00%	Investment holding/ The PRC	N/A
Shenzhen Shouhui Chuangxiang Technology Co., Ltd. (a) (b) (深圳手回創想科技有限公司) (“Shouhui Chuangxiang”)	The PRC/ 6 December 2017	Issued and paid-up: RMB2,020,202	100.00%	Investing/ The PRC	N/A
Shenzhen Picus Technology Co., Ltd (b) (深圳派氣司科技有限公司)	The PRC/ 12 March 2020	Issued and paid-up: RMB1,111,100	90.00%	IT services/ The PRC	2022: 北京東審會計師事務所(特殊普通合伙)深圳市分所 2023: 北京東審會計師事務所(特殊普通合伙)深圳市分所
Held through Contractual Arrangements					
Shenzhen Shouhui Technology Group Co., Ltd. (b) (深圳手回科技集團有限公司) (“Shenzhen Shouhui”)	The PRC/ 26 January 2015	Issued: RMB4,887,067 Paid-up: RMB2,237,088	100.00%	IT services and software/ The PRC	2022: 北京東審會計師事務所(特殊普通合伙)深圳市分所 2023: 北京東審會計師事務所(特殊普通合伙)深圳市分所



Company name	Place and date of incorporation/ establishment	Particulars of issued/paid-up capital	Proportion of ownership interest	Principal activities and place of operation	Name of statutory auditor
Small Umbrella Insurance Brokerage Co., Ltd. (b) (小雨傘保險經紀有限公司) ("Small Umbrella Insurance Brokerage")	The PRC/ 13 November 2013	Issued and paid-up: RMB50,000,000	100.00%	Insurance brokerage services/ The PRC	2022: 北京東審會計師事務所(特殊普通合夥)深圳市分所 2023: 北京東審會計師事務所(特殊普通合夥)深圳市分所
Chuangxin Insurance Sales Co., Ltd. (b) (創信保險銷售有限公司) ("Chuangxin Insurance Sales")	The PRC/ 21 September 2006	Issued and paid-up: RMB50,000,000	100.00%	Insurance agency services/ The PRC	2022: 北京東審會計師事務所(特殊普通合夥)深圳市分所 2023: 北京東審會計師事務所(特殊普通合夥)深圳市分所
Shouhui Health Technology (Chengdu) Co., Ltd. (a)(b) (手回健康科技(成都)有限公司)	The PRC/ 27 May 2021	Issued and paid-up: RMB10,000,000	100.00%	IT services and software/ The PRC	N/A
Shaoguan Baihong Insurance Appraisal Co., Ltd. (b) (韶關市百泓保險公估有限公司)) ("Baihong Insurance Appraisal")	The PRC/ 23 August 2010	Issued and paid-up: RMB2,000,000	99.80%	Claim adjustment services/ The PRC	2022: 北京東審會計師事務所(特殊普通合夥)深圳市分所 2023: 北京東審會計師事務所(特殊普通合夥)深圳市分所

- (a) As the date of this report, no audited financial statements have been prepared for these entities during the Track Record Period.
- (b) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of these entities are in Chinese. The English translation of names is for identification purpose only.

As at the date of this report, the financial statements of the subsidiaries of the Company for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the jurisdictions in which they were incorporated or established.

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

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



The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2024 are set out in *Note 30*.

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

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

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

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that during the Track Record Period, total liabilities exceed the total assets by approximately RMB374 million, RMB626 million and RMB740 million as at 31 December 2022, 2023 and 2024, respectively, and total current liabilities exceed the total current assets by approximately RMB573 million, RMB1,018 million and RMB1,301 million as at 31 December 2022, 2023 and 2024, respectively.

As at 31 December 2022, 2023 and 2024, the Group recorded a financial liability resulting from financial instruments issued to investors amounting to RMB900 million, RMB1,357 million and RMB1,702 million respectively. The directors and management of the Company have considered that the preferential rights of these financial instruments/Preferred Shares would be terminated upon listing and the financial liability would then be reclassified to equity, resulting in the change from a net current liabilities position to a net current assets position. Taken the above into consideration, the directors and management of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months and it is appropriate for the Historical Financial Information to be prepared on a going concern basis.

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 that the financial assets measured at fair value through profit or loss are stated at their fair value as explained in the accounting policies set out in *Note 2(e)*.

(b) Use of estimates and judgements

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information, and major sources of estimation uncertainty are discussed in *Note 3*.



(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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, transactions and cash flows, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. 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 equity shareholders of the Company.

NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position 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, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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.

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

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

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see *Note 23*).

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



(e) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see *Note 27(e)*. These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments held by the Group 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(q)(ii)*), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cashflows 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.
- fair value through profit or loss (FVTPL), 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) Equity investments

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

(f) Property, plant and equipment

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

- | | |
|------------------------------|---------|
| • Electronic equipment | 5 years |
| • Office and other equipment | 5 years |

Depreciation methods, the useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



(g) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortisation and any accumulated impairment losses (see *Note 2(i)(ii)*).

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

- | | |
|--------------------------|----------|
| • Software and copyright | 10 years |
| • Trademark | 50 years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above. The insurance brokerage licence, insurance sales licence and claims adjusting licence purchased by the Group were assessed to have indefinite lives during the Track Record Period.

Research expenditures are recognised as expenses as incurred. Development expenditures are capitalised when recognition criteria are met, including, (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (b) management intends to complete the intangible asset and use or sell it; (c) there is an ability to use or sell the intangible asset; (d) it can be demonstrated how the intangible asset will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and (f) the expenditure attributable to the intangible asset during its development can be reliably measured. 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.

(h) Leased assets

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

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 leases of low-value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to



dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

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

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

The Group has applied COVID-19-Related Rent Concessions — Amendment to HKFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and other receivables) and contract assets.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

For fixed-rate financial assets, account and other receivables and contract assets, the expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.



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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments 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 account and other 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 has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

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



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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; 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 or contract 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-financial assets

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

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

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

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 of cash-generating units ("CGUs"). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual CGU if the allocation can be done on a reasonable and consistent basis, or to the smallest group of CGUs if otherwise. 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 of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount 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.



(j) Contract assets

A contract asset is recognised when the Group recognises revenue (see *Note 2(q)(i)*) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in *Note 2(i)(i)* and are reclassified to receivables when the right to the consideration has become unconditional (see *Note 2(k)*).

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

(k) Accounts receivable 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.

Accounts receivable that do not contain a significant financing component are initially measured at their transaction price. Accounts receivable that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see *Note 2(i)(i)*).

(l) Cash and cash equivalents

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

(m) Accounts payable and other payables

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

(n) Financial instruments issued to investors

The Group issued several series of shares with preferential rights/Preferred Shares to investors. The investors shall have the right to require the Group to redeem their shares at a predetermined redemption price upon occurrence of particular redemption events, and shall have the right to receive, in priority, the liquidation preference amounts upon occurrence of change in control events, which are not within the control of the Group. The Group's contractual obligations to purchase its own shares/redeem the Preferred Shares for cash and to distribute the liquidation preference amounts upon occurrence of events that are beyond the control of the Group give rise to financial liabilities.

The financial liabilities are initially measured at the highest amount, on a present value basis, that could become payable to the investors to redeem the shares upon occurrence of events that are not within the Group's control. Subsequently, any changes in the carrying amount of the financial liabilities are recorded in "changes in the carrying amount of financial instruments issued to investors" in profit or loss. When the preferential rights are expired or terminated without delivery, the carrying amount of the financial liabilities are reclassified to equity. If the Preferred Shares are converted into ordinary shares, the carrying amount of the financial liabilities is transferred to equity.

(o) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided.

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



Salaries, annual bonuses, paid annual leave, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, and the other cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans and unemployment insurance based on the applicable benchmarks and rates stipulated by the government.

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

(ii) Share-based compensation

A share-based compensation is classified as either an equity-settled share-based compensation or a cash-settled share-based compensation. The term “equity-settled share-based compensation” refers to a transaction in which the Group grants share options or awarded shares (collectively the “equity instruments”) as a consideration in return for services rendered or a transaction in which the Group has no obligation to settle the share-based compensation or the awards granted are self-owned share options of its’ shareholder.

The fair value of the equity instruments granted to employees is recognised as an employee cost with a corresponding increase in the share-based compensation reserve in within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the equity instruments were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity instruments, the total estimated fair value of the equity instruments is spread over the vesting period, taking into account the probability that the equity instruments will vest.

During the vesting period, the number of equity instruments that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity instruments that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company’s shares. The equity amount is recognised in the share-based compensation reserve until either the equity instruments are exercised (when it is included in the amount recognised in paid-in capital/share capital for the shares issued) or the equity instruments expire (when it is released directly to retained profits).

Modifications of an equity-settled share-based compensation arrangement are accounted for only if they are beneficial to the employee. If the Group modifies the terms or 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 at 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.

(p) Income tax

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

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

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.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Revenue recognition

(i) Revenue from contracts with customers

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

Revenue is recognised when the Group satisfies the performance obligation in a contract by transferring control over promised services to the customers. Control of the service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;



- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For a performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the relevant services.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the Group and maximises the use of observable inputs to estimate the stand-alone selling price.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified goods or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration or is determined according to the established amount or proportion.

The Group is engaged in the online insurance intermediary business and derives revenue primarily from commissions paid by the insurance company partners for successfully selling of insurance products underwritten by them through the Group. The commissions are generally determined based on a percentage of premiums of the insurance policies paid by the policy holder. The brokerage fee rate is based on the terms specified in the service contract with the insurance company for each product sold through the Group. The Group determined that the insurance company, or the insurer, is its customer in this agreement. Revenue from insurance transaction services is recognised when the signed insurance policy is in place since the Group has fulfilled its performance obligation to sell an insurance policy on behalf of the insurance company.

The Group also derives revenue from insurance technology services by providing claim adjustment, risk management consulting and other services to insurance companies.

(ii) Revenue from other sources and other net income

— *Interest income*

Interest income is recognised as it accrues under the effective interest method using 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. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

— *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.



(r) Provisions and contingent liabilities

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

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

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.

(s) Held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

(t) Translation of foreign currencies

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign exchange reserve.

(u) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(v) 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.

(w) 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

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The principal accounting policies are set forth in *Note 2*. The Group believes the following critical accounting policy involves the most significant judgements and estimates used in the preparation of the Historical Financial Information.

(a) Critical accounting judgements in applying the Group's accounting policies

Consolidation of affiliated entities

The Group obtained control over certain PRC domestic companies as detailed in *Note 1* by entering into a series of the Contractual Arrangements with the PRC domestic companies and its shareholders.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the PRC domestic companies and uncertainties could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC domestic company. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Shouhui Chuangxiang and PRC domestic companies and its shareholders are in compliance with the relevant PRC laws and are legally enforceable.



(b) Sources of estimation uncertainty

Notes 12, 24 and 26 contain information about the assumptions and their risk factors relating to the impairment test of other intangible assets (purchased licenses), valuation of financial instruments issued to investors, and fair value of the share options granted to employees under the share-based compensation arrangement.

Revenue recognition

In determining the amount and timing of revenue recognition, the revenue recognition process as described in Note 2(q) is used, which requires judgments and estimates. These judgments and estimates include determining the transaction price of contracts and determining the standalone selling price for each distinct performance obligation.

The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group derives agency revenue by serving as a sales agent to distribute various life insurance and property and casualty insurance products on behalf of the insurance companies by which the Group is entitled to receive initial commission from the insurance companies based on the premium paid by the policyholders for the related insurance policy sold. For long-term insurance products, the Group is also entitled to subsequent renewal commission and compensation, and renewal performance bonus (collectively referred to as “renewal commissions”) which represent variable considerations and are contingent on future renewals of initial policies or the Group achieves its performance target. The Group estimates the variable consideration based on accumulated historical data and experiences. For long-term insurance products, when estimating the commissions contingent upon future premium payments, the Group uses the expected value method based on historical data and experience. Factors to be considered include but not limited to insurance product mix, the renewal terms of various products, the persistency rates and commission rates for subsequent years of the policy period.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of insurance transaction services and insurance technology services in the PRC.

(a) Disaggregation of revenue

The amount of each significant category of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15			
Disaggregated by business segment			
Insurance transaction services	801,670	1,628,618	1,377,751
Insurance technology services	4,588	5,777	9,335
Total	<u>806,258</u>	<u>1,634,395</u>	<u>1,387,086</u>

Out of the Group's revenue from contracts with customers, RMB806,258,000, RMB1,634,395,000 and RMB1,387,086,000 were recognised at a point in time during the Track Record Period respectively.



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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
A	138,237	207,407	*
B	169,014	170,559	*
C	148,419	*	*
D	89,673	*	*
E	*	263,287	*
F	*	278,081	325,611
G	*	*	301,080

Note: * Revenue was less than 10% for the respective year.

Remaining performance obligation

As at the end of each reporting period, the aggregate amount of the transaction price allocated to the remaining performance obligation is insignificant.

(b) Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

— Insurance transaction services

The Group acts as the agent in distributing insurance products on behalf of the insurance companies.

— Insurance technology services

The Group provides consulting and other services to certain insurance companies and other customers.

(i) Segment results

For the purposes of assessing segment performance and allocating between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's segment expenses, such as staff costs, depreciation and other operating expenses, and segment assets and liabilities are not regularly provided to the Group's most senior executive management. In addition, other operating expenses are not included in the measure of segment results. As such, this information is not disclosed in the Historical Financial Information.



Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Track Record Period is set out below.

	Insurance transaction services	Insurance technology services	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022			
Revenue	801,670	4,588	806,258
Cost of revenue	(523,597)	(2,243)	(525,840)
Gross profit	<u>278,073</u>	<u>2,345</u>	<u>280,418</u>
Year ended 31 December 2023			
Revenue	1,628,618	5,777	1,634,395
Cost of revenue	(1,079,676)	(2,920)	(1,082,596)
Gross profit	<u>548,942</u>	<u>2,857</u>	<u>551,799</u>
Year ended 31 December 2024			
Revenue	1,377,751	9,335	1,387,086
Cost of revenue	(853,704)	(4,502)	(858,206)
Gross profit	<u>524,047</u>	<u>4,833</u>	<u>528,880</u>

(ii) *Geographic information*

Most of the Group's operating assets are located in China, and all of the Company's revenue and operating profits was derived from the PRC during the Track Record Period. Accordingly, no segment analysis based on geographical locations is provided.

5 OTHER NET INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants	1,925	596	49
Realised gains from financial assets measured at fair value through profit or loss	5,496	6,362	11,789
Interest income	2,230	2,279	1,762
Super-deduction of input value-added tax ("VAT")	3,403	3,094	(903)
Foreign exchange differences	—	—	(2,911)
Gain on disposal of a subsidiary	—	501	—
Dilution gains from interests in associates	—	—	2,655
Others	463	89	1,241
Total	<u>13,517</u>	<u>12,921</u>	<u>13,682</u>



6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest expense on bank borrowings	257	153	–
Interest expense on lease liabilities	207	308	258
Total	<u>464</u>	<u>461</u>	<u>258</u>

(b) Staff costs

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits		123,788	150,651	135,251
Contributions to defined contribution retirement plan (i)		7,134	8,799	6,663
Share-based compensation		5,592	7,920	14,552
Total		<u>136,514</u>	<u>167,370</u>	<u>156,466</u>

Note:

- (i) Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government.

(c) Other items

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation charges			
– Depreciation of property, plant and equipment	71	69	61
– Amortisation of intangible assets	8	8	8
– Depreciation of right-of-use assets	4,737	5,186	6,309
(Reversal of)/provision for impairment loss			
– accounts receivable	(48)	9	(123)
– contract assets	(63)	1,767	901
– other receivables	–	–	184
Professional service fees	3,809	4,195	4,785
Auditors' remuneration	131	144	104
Listing expenses	–	17,285	17,585



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

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands during the Track Record Period.

The provision for Hong Kong profits tax during the Track Record Period is calculated at 16.5%. No provision has been made for Hong Kong profits tax as the Group did not have assessable profits during the Track Record Period.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese mainland are subject to income tax at a rate of 25% on the taxable income, except for Shenzhen Shouhui, one of the subsidiaries of the Group which was recognised as a high and new technology enterprise (“HNTE”) in December 2020, and successfully renewed its HNTE status in October 2023. Accordingly, Shenzhen Shouhui was entitled to a preferential income tax rate of 15% during the Track Record Period.

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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax			
– PRC Enterprise Income Tax	50,094	110,176	64,768
Deferred tax			
– Reversal of temporary differences	(32,227)	(60,265)	(19,349)
Total	<u>17,867</u>	<u>49,911</u>	<u>45,419</u>

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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit/(loss) before taxation	148,854	(306,298)	(90,190)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to the jurisdictions concerned	37,214	(76,575)	(23,032)
Tax effect of preferential tax rate	(9,289)	45,288	(14,247)
Super-deduction of research and development expense	(5,771)	(8,321)	(7,614)
Tax effect of changes in carrying amount of financial instruments issued to investors	(9,233)	87,651	86,815
Tax effect of share-based compensation expense	820	1,447	3,452
Tax effect of share of (profits)/losses of associates	(47)	145	309
Tax effect of dilution gains from interests in associates	–	–	(664)
Tax effect of non-deductible expenses	3,822	188	396
Tax effect of tax losses and temporary differences not recognised	351	88	4
Actual tax expenses	<u>17,867</u>	<u>49,911</u>	<u>45,419</u>



8 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Track Record Period are as follows:

Year ended 31 December 2022						
Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based compensation	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors						
Mr. Yao Guang ⁽¹⁾	—	868	140	40	—	1,048
Mr. Liwei Han ⁽²⁾	—	868	140	40	—	1,048
Ms. Li Liu ⁽²⁾	—	895	110	40	—	1,045
Mr. Jianting Li ⁽²⁾	—	609	90	40	14	753
Non-executive director						
Mr. Byron Ye ⁽³⁾	—	—	—	—	—	—
Total	—	3,240	480	160	14	3,894

Year ended 31 December 2023						
Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based compensation	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors						
Mr. Yao Guang ⁽¹⁾	—	882	280	43	—	1,205
Mr. Liwei Han ⁽²⁾	—	882	280	43	—	1,205
Ms. Li Liu ⁽²⁾	—	760	220	43	—	1,023
Mr. Jianting Li ⁽²⁾	—	665	180	43	9	897
Non-executive director						
Mr. Byron Ye ⁽³⁾	—	—	—	—	—	—
Total	—	3,189	960	172	9	4,330

Year ended 31 December 2024						
Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based compensation	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors						
Mr. Yao Guang ⁽¹⁾	—	1,358	213	46	—	1,617
Mr. Liwei Han ⁽²⁾	—	1,376	142	47	—	1,565
Ms. Li Liu ⁽²⁾	—	704	75	47	—	826
Mr. Jianting Li ⁽²⁾	—	664	62	35	10	771
Non-executive directors						
Mr. Byron Ye ⁽³⁾	—	—	—	—	—	—
Mr. Sirui Li ⁽⁴⁾	—	—	—	—	—	—
Total	—	4,102	492	175	10	4,779

Notes:

- (1) Mr. Yao Guang joined the Group in 2015 and was appointed as director of the Company on 3 August 2023.



- (2) Mr. Liwei Han, Ms. Li Liu and Mr. Jianting Li joined the Group in 2015 and were appointed as directors of the Company on 9 January 2024.
- (3) Mr. Byron Ye joined the Group in 2021 and was appointed as director of the Company on 9 January 2024. No emoluments were paid by the Company to him during the Track Record Period. Mr. Byron Ye received the emoluments from one of the Group's pre-IPO investors. No apportionment has been made.
- (4) Mr. Sirui Li was appointed as non-executive director on 9 January 2024. No emoluments were paid by the Company to him during the Track Record Period. Mr. Sirui Li received the emoluments from one of the Group's pre-IPO investors. No apportionment has been made.
- (5) Mr. Gang Shen, Mr. Haiquan Wu and Mr. Yuanxin Zhang were appointed as independent non-executive directors of the Company on 13 May 2025.

During the Track Record Period, no amounts were paid or payable by the Group to the above directors 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

The number of directors and others included in the five highest paid individuals during the Track Record Period are set forth below:

	Year ended 31 December		
	2022	2023	2024
	Number of individuals	Number of individuals	Number of individuals
Directors	3	2	2
Other employees	2	3	3
Total	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors are disclosed in *Note 8*. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Salaries and other emoluments		1,890	2,378	3,020
Discretionary bonuses		235	690	332
Retirement scheme contributions		80	122	140
Share-based compensation (i)		<u>860</u>	<u>3,360</u>	<u>11,677</u>
Total		<u>3,065</u>	<u>6,550</u>	<u>15,169</u>

- (i) These represent the estimated value of share options or awarded shares granted to the highest paid individuals under the Group's share option scheme. The value of these share options or awarded shares is measured according to the Group's accounting policies for share-based compensation transactions as set out in *Note 2(o)(ii)*. The details of share-based compensation, including the principal terms and number of share options or awarded shares granted, are disclosed in *Note 26*.



The emoluments of the above remaining highest paid individuals are all within the following band:

	Year ended 31 December		
	2022	2023	2024
	Number of individuals	Number of individuals	Number of individuals
Nil – HKD1,000,000	–	–	–
HKD1,000,001 – HKD1,500,000	–	–	1
HKD1,500,001 – HKD2,000,000	2	2	1
HKD2,000,001 – HKD2,500,000	–	–	–
HKD2,500,001 – HKD3,000,000	–	–	–
HKD3,000,001 – HKD3,500,000	–	–	–
HKD3,500,001 – HKD4,000,000	–	1	–
HKD4,000,001 – HKD4,500,000	–	–	–
HKD13,500,001 – HKD140,000,000	–	–	1

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

10 EARNINGS/(LOSS) PER SHARE

No (loss)/earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful in view of that the proposed capitalisation issue has not been effected as of the date of this report.

11 PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment	Office and other equipment	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1 January 2022	722	255	977
Additions	72	–	72
Disposals	(157)	(191)	(348)
As at 31 December 2022 and 1 January 2023 . . .	637	64	701
Additions	52	–	52
As at 31 December 2023 and 1 January 2024 . . .	689	64	753
Additions	5	–	5
Disposals	(217)	(29)	(246)
As at 31 December 2024	477	35	512
Accumulated depreciation:			
As at 1 January 2022	(452)	(107)	(559)
Charge for the year	(61)	(10)	(71)
Disposal for the year	98	65	163
As at 31 December 2022 and 1 January 2023 . . .	(415)	(52)	(467)
Charge for the year	(68)	(1)	(69)
As at 31 December 2023 and 1 January 2024 . . .	(483)	(53)	(536)
Charge for the year	(61)	–	(61)
Disposal for the year	217	21	238
As at 31 December 2024	(327)	(32)	(359)
Net book value:			
As at 31 December 2022	222	12	234
As at 31 December 2023	206	11	217
As at 31 December 2024	150	3	153



12 INTANGIBLE ASSETS

	Software, copyright and trademark	Licenses	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1 January 2022	220	40,551	40,771
Additions	—	—	—
As at 31 December 2022 and 1 January 2023	220	40,551	40,771
Additions	—	—	—
As at 31 December 2023 and 1 January 2024	220	40,551	40,771
Additions	—	—	—
As at 31 December 2024	220	40,551	40,771
Accumulated amortisation:			
As at 1 January 2022	(148)	—	(148)
Charge for the year	(8)	—	(8)
As at 31 December 2022 and 1 January 2023	(156)	—	(156)
Charge for the year	(8)	—	(8)
As at 31 December 2023 and 1 January 2024	(164)	—	(164)
Charge for the year	(8)	—	(8)
As at 31 December 2024	(172)	—	(172)
Net book value:			
As at 31 December 2022	64	40,551	40,615
As at 31 December 2023	56	40,551	40,607
As at 31 December 2024	48	40,551	40,599

On 20 April 2017, 19 October 2020 and 12 August 2021, the Group entered into sale and purchase agreements to acquire 100%, 100% and 99.80% equity interests in Small Umbrella Insurance Brokerage, Chuangxin Insurance Sales and Baihong Insurance Appraisal respectively. The principal activities of Small Umbrella Insurance Brokerage and Chuangxin Insurance Sales are insurance intermediary services and the principal activities of Baihong Insurance Appraisal is claims adjusting. Their identifiable assets are principally the insurance brokerage licence, the insurance sales licence and the insurance claims adjusting licence (collectively, “the Operating Licenses”). The transactions were recognised as acquisitions of assets, rather than business combinations, given that substantially all of the fair value of the gross assets were concentrated on the Operating Licenses.

Had Baihong Insurance Appraisal been acquired from 1 January 2021, the consolidated statement of profit or loss and other comprehensive income would have included revenue of RMB585,000 and net profit of RMB66,000.

Pursuant to Regulatory Provisions on Insurance Agents (“保險代理人監管規定”) and Regulatory Provisions on Insurance Public Adjusters (“保險公估人監管規定”) which became effective on 1 January 2021 and 1 May 2018 respectively, there are no definite expiration dates for the insurance sales and claims adjusting licenses.

Pursuant to the Regulatory Provisions on Insurance Brokerages (“保險經紀人監管規定”) which became effective on 1 May 2018, the legal term of the insurance brokerage licence is 3 years. During the Track Record Period, the management concluded that the insurance brokerage licence has indefinite useful lives because the licence can be easily renewed upon expiry at an insignificant cost.

The Group evaluates the Operating Licences each financial year end to determine whether events and circumstances continue to support the indefinite useful lives.



Impairment test on the Operating Licenses of the Group has been conducted by the management as of 31 December 2022, 2023 and 2024. For the purposes of the impairment test, each of the Operating Licences were allocated to Small Umbrella Insurance Brokerage, Chuangxin Insurance Sales and Baihong Insurance Appraisal respectively, which were considered as separate cash generating units (the “CGUs”). The recoverable amounts of the Operating Licenses are determined based on the value-in-use calculations using the discounted cash flow method. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in the estimation of value-in-use were as follows.

	As at 31 December		
	2022	2023	2024
Small Umbrella Insurance Brokerage			
Pre-tax discount rate	20.07%	20.67%	18.48%
Revenue growth rate (average of next five years)	11.00%	6.00%	2.80%
Terminal value growth rate	2.00%	2.00%	2.00%
Chuangxin Insurance Sales			
Pre-tax discount rate	20.29%	20.81%	18.57%
Revenue growth rate (average of next five years)	11.00%	6.00%	2.80%
Terminal value growth rate	2.00%	2.00%	2.00%
Baihong Insurance Appraisal			
Pre-tax discount rate	19.27%	19.76%	18.62%
Revenue growth rate (average of next five years)	10.00%	17.00%	6.20%
Terminal value growth rate	2.00%	2.00%	2.00%

Details of the headroom calculated based on the recoverable amounts deducting the carrying amount allocated for the significant CGUs as at 31 December 2022, 2023 and 2024 are set out as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Small Umbrella Insurance Brokerage	833,774	823,461	838,733
Chuangxin Insurance Sales	808,889	1,754,341	1,759,483
Baihong Insurance Appraisal	389	665	1,237



The Group performed the sensitivity analysis based on the assumption that pre-tax discount rate, revenue growth rate and terminal value growth rate have been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following.

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Small Umbrella Insurance Brokerage			
Pre-tax discount rate increase by 1%	792,723	783,858	796,071
Revenue growth rate (average of next five years)			
decrease by 1%	805,183	791,271	805,506
Terminal value growth rate decrease			
by 1%	796,177	790,366	800,588
Chuangxin Insurance Sales			
Pre-tax discount rate increase by 1%	763,949	1,662,367	1,659,497
Revenue growth rate (average of next five years)			
decrease by 1%	784,160	1,686,226	1,690,088
Terminal value growth rate decrease			
by 1%	772,161	1,678,897	1,672,381
Baihong Insurance Appraisal			
Pre-tax discount rate increase by 1%	305	548	1,127
Revenue growth rate (average of next five years)			
decrease by 1%	192	436	1,158
Terminal value growth rate decrease			
by 1%	320	578	1,138

The directors of the Company determined no impairment on the Operating Licences was required as at 31 December 2022, 2023 and 2024 with reference to the recoverable amounts. With regard to the assessment of the value-in-use of the CGUs, the directors of the Company believe that any reasonably possible change in any of the above key assumptions would not cause the carrying value of the two significant CGUs, namely Small Umbrella Insurance Brokerage and Chuangxin Insurance Sales, to exceed the recoverable amounts.

13 RIGHT-OF-USE ASSETS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January	12,310	10,023	14,055
Inception of leases	7,303	7,261	3,597
Expiration of leases	(9,590)	(3,229)	(1,050)
At 31 December	<u>10,023</u>	<u>14,055</u>	<u>16,602</u>
Accumulated depreciation:			
At 1 January	(7,863)	(3,010)	(4,967)
Charge for the year	(4,737)	(5,186)	(6,309)
Expiration of leases	9,590	3,229	1,050
At 31 December	<u>(3,010)</u>	<u>(4,967)</u>	<u>(10,226)</u>
Net book value:			
At 31 December	<u>7,013</u>	<u>9,088</u>	<u>6,376</u>

The Group has obtained the right to use other properties as its place of business through tenancy agreements. The leases typically run for an initial period of 1 to 4 years.



14 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 31 December		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Current asset:				
Wealth management products	(i)	240,367	369,522	504,796

(i) The Group's wealth management products were financial products issued by commercial banks or their wholly-owned asset management subsidiaries. These products, including structured deposits, were mainly short-term investments with no fixed returns, whose underlying investments were linked to deposits, bonds and other debt instruments, and market prices of gold or foreign exchange rates.

15 ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accounts receivable			
Accounts receivable	217,128	158,761	96,228
Less: loss allowance	(262)	(271)	(148)
Accounts receivable, net	216,866	158,490	96,080
Contract assets			
Contract assets	339,101	634,030	852,913
Less: loss allowance	(661)	(2,428)	(3,329)
Contract assets, net	338,440	631,602	849,584
Current	245,467	338,305	390,555
Non-current	92,973	293,297	459,029

Ageing analysis

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	7,707	7,772	3,716
3 months to 6 months	11	549	–
6 months to 12 months	–	–	7
Over 12 months	–	–	6
Unbilled	209,148	150,169	92,351
Accounts receivable, net	216,866	158,490	96,080

Further details on the Group's credit risk arising from accounts receivable and contract assets are set out in Note 27(a).



16 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Rental deposits	2,128	2,459	2,754
Others	476	503	425
Sub-total	<u>2,604</u>	<u>2,962</u>	<u>3,179</u>
Current assets			
Other receivables from third parties	3,340	3,223	4,731
Prepayments for listing expenses	–	5,111	2,098
Prepayments to suppliers	7,470	6,682	13,187
Amounts due from related parties	26	–	8
Value-added tax and income tax recoverable	16,590	14,963	6,333
Sub-total	<u>27,426</u>	<u>29,979</u>	<u>26,357</u>
Total	<u>30,030</u>	<u>32,941</u>	<u>29,536</u>

17 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents:

	Note	As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cash on hand		51	–	–
Cash at banks		90,124	126,002	107,338
Cash at other financial institutions	(i)	<u>5,066</u>	<u>4,489</u>	<u>6,030</u>
Total		<u>95,241</u>	<u>130,491</u>	<u>113,368</u>

(i) Cash at other financial institutions represent cash balances kept in third-party payment platforms, which can be withdrawn by the Group at any time.

(b) Restricted cash:

	Notes	As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current asset				
Guarantee deposits	(i)	<u>10,241</u>	<u>10,240</u>	<u>10,242</u>
Current assets				
Cash collected on behalf of other parties	(ii)	35,047	49,528	39,562
Frozen funds	(iii)	28,166	–	–
Restricted bank deposit in capital account		–	–	2
Sub-total		<u>63,213</u>	<u>49,528</u>	<u>39,564</u>
Total		<u>73,454</u>	<u>59,768</u>	<u>49,806</u>



- (i) As the insurance intermediaries with license issued by China Banking and Insurance Regulatory Commission, the predecessor of the National Financial Regulatory Administration, Small Umbrella Insurance Brokerage, Chuangxin Insurance Sales and Baihong Insurance Appraisal are required to set reserves at the rate of 10% of the registered capital, which are all placed as deposits in PRC commercial banks.
- (ii) Cash collected on behalf of other parties mainly includes insurance premiums collected on behalf of insurance companies but not yet remitted as of the end of each of the reporting period.
- (iii) The frozen funds were in relation to the legal proceedings with a supplier, and were released in November 2023 with the closure of the legal proceedings.

(c) **Reconciliation of profit/(loss) before taxation to cash (used in)/generated from operations:**

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Operating activities				
Profit/(loss) before taxation		148,854	(306,298)	(90,190)
Adjustments for				
Depreciation of property, plant and equipment	6(c)	71	69	61
Amortisation of intangible assets	6(c)	8	8	8
Depreciation of right-of-use assets	6(c)	4,737	5,186	6,309
Reversal of/(provision for) impairment loss	6(c)	(111)	1,776	962
Interest expense on lease liabilities	6(a)	207	308	258
Interest expense on bank borrowings	6(a)	257	153	—
Expense on share-based compensation	6(b)	5,592	7,920	14,552
Changes in carrying amount of financial instruments issued to investors		(61,556)	584,340	345,035
Realised gains from financial assets measured at fair value through profit or loss	5	(5,496)	(6,362)	(11,789)
Share of profits/(losses) of associates		(313)	(75)	1,234
Losses from disposal of property, plant and equipment and intangible assets		150	—	8
Disposal of a subsidiary		—	(501)	—
Dilution gains from interests in associates		—	—	(2,655)
Foreign exchange gain		—	—	(392)
Operating profit before changes in working capital		92,400	286,524	263,401
Changes in working capital				
Decrease in amounts due from restricted cash		104,856	13,686	9,962
Decrease/(increase) in accounts receivable and contract assets		69,688	(236,562)	(156,350)
Decrease/(increase) in prepayment, other receivable and other assets		1,539	(5,373)	5,637
(Decrease)/increase in accounts payable		(172,746)	129,234	45,863
(Decrease)/increase in other payables, accruals and other liabilities		(138,222)	43,574	(32,906)
Cash (used in)/generated from operating activities		(42,485)	231,083	135,607



(d) Reconciliation of liabilities arising from financing activities:

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

	Financial instruments issued to investors	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	961,463	7,910	4,173	973,546
Changes from financing cash flows:				
Proceeds from borrowings	—	10,000	—	10,000
Repayment for borrowings	—	(9,100)	—	(9,100)
Interest of borrowings paid	—	(257)	—	(257)
Capital element of lease rentals paid	—	—	(4,507)	(4,507)
Interest element of lease rentals paid	—	—	(207)	(207)
Sub-total	<u>—</u>	<u>643</u>	<u>(4,714)</u>	<u>(4,071)</u>
Other changes:				
Increase in lease liabilities from entering into new leases	—	—	7,303	7,303
Interest expenses	—	257	207	464
Changes in carrying amount of financial instruments issued to investors	(61,556)	—	—	(61,556)
Sub-total	<u>(61,556)</u>	<u>257</u>	<u>7,510</u>	<u>(53,789)</u>
As at 31 December 2022 and 1 January 2023	<u>899,907</u>	<u>8,810</u>	<u>6,969</u>	<u>915,686</u>
Changes from financing cash flows:				
Repayment for borrowings	—	(8,800)	—	(8,800)
Interest of borrowings paid	—	(163)	—	(163)
Capital element of lease rentals paid	—	—	(5,429)	(5,429)
Interest element of lease rentals paid	—	—	(308)	(308)
Sub-total	<u>—</u>	<u>(8,963)</u>	<u>(5,737)</u>	<u>(14,700)</u>
Other changes:				
Increase in lease liabilities from entering into new leases	—	—	7,261	7,261
Interest expenses	—	153	308	461
Changes in carrying amount of financial instruments issued to investors	584,340	—	—	584,340
Repurchase of financial instruments issued to investors	(127,111)	—	—	(127,111)
Sub-total	<u>457,229</u>	<u>153</u>	<u>7,569</u>	<u>464,951</u>
As at 31 December 2023 and 1 January 2024	<u>1,357,136</u>	<u>—</u>	<u>8,801</u>	<u>1,365,937</u>
As at 1 January 2024	<u>1,357,136</u>	<u>—</u>	<u>8,801</u>	<u>1,365,937</u>



	Financial instruments issued to investors	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Changes from financing cash flows:				
Capital element of lease rentals paid	—	—	(6,681)	(6,681)
Interest element of lease rentals paid	—	—	(258)	(258)
Sub-total	—	—	(6,939)	(6,939)
Other changes:				
Increase in lease liabilities from entering into new leases	—	—	3,597	3,597
Interest expenses	—	—	258	258
Changes in carrying amount of financial instruments issued to investors	345,035	—	—	345,035
Sub-total	345,035	—	3,855	348,890
As at 31 December 2024	1,702,171	—	5,717	1,707,888

18 ACCOUNTS PAYABLE

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current liability			
Amounts payable to suppliers	15,923	85,907	102,730
Current liability			
Amounts payable to suppliers	272,596	331,846	360,886
Total	288,519	417,753	463,616

Ageing analysis

As of the end of each reporting period, the ageing analysis of amounts payable to suppliers, based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	180	70	—
3 months to 6 months	—	—	—
6 months to 12 months	25,012	1	—
Over 12 months	50	52	—
Unbilled	263,277	417,630	463,616
Total	288,519	417,753	463,616



19 LEASE LIABILITIES

At the end of each of the reporting periods, the lease liabilities were repayable as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	3,621	5,343	4,329
After 1 year but within 2 years.	2,318	2,986	1,253
After 2 years but within 5 years	1,030	472	135
Total	<u>6,969</u>	<u>8,801</u>	<u>5,717</u>

20 BORROWINGS

	As at 31 December					
	2022		2023		2024	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Bank borrowings						
– Guaranteed	3.80%	<u>8,810</u>	N/A	=	N/A	=

The bank borrowings as at 31 December 2022 were guaranteed by the Company's executive director, Mr. Yao Guang and Shenzhen High-tech Investment and Financing Guarantee Co., Ltd. (深圳市高新投融资擔保有限公司), an unrelated party of the Group.

21 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current liabilities			
Insurance premiums payable on behalf of insurance policy holders.	47,250	54,217	37,378
Salary and welfare payables.	60,718	80,093	70,331
Payables to service providers	8,877	8,445	8,462
Payables for VAT and surcharges.	532	1,811	1,527
Payables for listing expenses	–	14,812	8,687
Others	<u>2,465</u>	<u>3,856</u>	<u>455</u>
Total	<u>119,842</u>	<u>163,234</u>	<u>126,840</u>



22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	114,614	152,932	237,093
Provision for PRC enterprise income tax for the year	50,094	110,176	64,768
Income tax paid, net of tax refund	(11,776)	(26,015)	(25,507)
As at 31 December	152,932	237,093	276,354
In the consolidated statements of financial position:			
Current taxation	157,104	237,093	277,653
Prepaid income tax	(4,172)	—	(1,299)
	<u>152,932</u>	<u>237,093</u>	<u>276,354</u>

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and their movements during the year are as follows:

Deferred tax arising from:	Accrued costs and expenses	Right-of-use assets	Lease liabilities	Impairment loss	Deductible accumulative losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	28,802	(1,000)	948	199	17	28,966
Credit/(Charged) to profit or loss (Note 7(a))	<u>31,739</u>	<u>(236)</u>	<u>264</u>	<u>(29)</u>	<u>489</u>	<u>32,227</u>
At 31 December 2022 and 1 January 2023	60,541	(1,236)	1,212	170	506	61,193
Credit/(Charged) to profit or loss (Note 7(a))	<u>58,936</u>	<u>(721)</u>	<u>667</u>	<u>444</u>	<u>939</u>	<u>60,265</u>
At 31 December 2023 and 1 January 2024	119,477	(1,957)	1,879	614	1,445	121,458
Credit/(Charged) to profit or loss (Note 7(a))	<u>19,658</u>	<u>483</u>	<u>(556)</u>	<u>241</u>	<u>(477)</u>	<u>19,349</u>
At 31 December 2024	<u>139,135</u>	<u>(1,474)</u>	<u>1,323</u>	<u>855</u>	<u>968</u>	<u>140,807</u>



23 INTERESTS IN ASSOCIATES

Set out below is the information of the Group's associates, both of which are unlisted corporate entities whose quoted market price are not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Effective interest held by the Group			Principal activities
				As at 31 December			
				2022	2023	2024	
Dahe Shenzhen Information Co., Limited (“Dahe Shenzhen”, 大河(深圳) 信息有限公司) (Note (i) (ii))	Incorporated	PRC	RMB1,214,285/ RMB308,403	41.00%	41.00%	69.48%	Digital information services
Mianmiao Information Technology (Shanghai) Co., Ltd. (“Mianmiao”, 棉苗 信息科技(上海)有限公司) (Note (i)(iii))	Incorporated	PRC	RMB5,477,308/ RMB3,500,000	30.00%	30.00%	23.10%	Digital information services

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

Note (ii) In 2019, the Group acquired 15% of Dahe Shenzhen's equity interests with a consideration of RMB1,019,000. During 2022 to 2023, the Group's effective interests in Dahe Shenzhen was 41%, which was calculated by the proportion of investors' paid-in capital. In 2024, two shareholders withdrew their interests from Dahe Shenzhen, resulting in the increase of the Group's effective interest to 69.48%, while the proportion of voting right was calculated based on the registered capital, which was 17.65%. The Group was able to exercise significant influence over Dahe Shenzhen, and therefore Dahe Shenzhen was accounted for as an associate of the Group during the Track Record Period.

Note (iii) In October 2022, the Group invested in Mianmiao with a consideration of RMB1.5 million. As part of Mianmiao's overseas reorganisation, the Group withdrew its initial investment of Mianmiao in September 2023 and then reinvested in Mianmiao and its overseas parent company Xcotton Group Holding Limited (collectively the "Xcotton Group") in February 2024. After Mianmiao's reorganisation, the Group's effective interests in the Xcotton Group was diluted to 23.1%. According to shareholders' agreement, the Group maintains its significant influence throughout Mianmiao's reorganisation process. Therefore, Mianmiao was accounted for as an associate of the Group during the Track Record Period.

Both of the above associates are accounted for using the equity method in the consolidated financial statements.

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	3,593	3,668	5,089
Aggregate amounts of the Group's share of those associates' profit/(loss) from continuing operations and total comprehensive income	313	75	(1,234)

24 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

During 2015 to 2020, Shenzhen Shouhui conducted several rounds of financing (the "Onshore Financing") by issuing registered capital to investors and granting them certain preferential rights.



Pursuant to the investment agreements and share transfer agreements, the Series Angel, Series A, Series B and Series C investors (collectively the “Onshore Financing Investors”), were granted with preferential rights as follows:

Redemption right

The Onshore Financing Investors shall have the right to require the Group to redeem their shares upon the occurrence of particular redemption events, including but not limited to the failure to complete a qualified IPO by 31 December 2023 (the “IPO Redemption Event”), any breach or violation of undertakings in transaction documents by any contracting parties and failure to take timely remediation, and any material dishonesty of the founders.

For the Series Angel investors, the redemption price shall be the original investment amount paid by the investors, plus an annual compound interest rate of 8% or 30% calculated from the payment date of the investment amount to the payment date of the redemption price, depending on different redemption events.

For the Series A investors, the redemption price shall be the higher of: (i) the original investment amount paid by investors, plus an annual compound interest of 12% or 30%, depending on different redemption events, calculated from the payment date of the investment amount to the payment date of the redemption amount, and a pro-rata share of Shenzhen Shouhui’s undistributed profits; and (ii) the fair market value of such shares.

For the Series B investors, the redemption price shall be the highest of: (i) the original investment amount paid by investors, plus an annual compound interest of 30% calculated from the payment date of the investment amount to the payment date of the redemption amount, and a pro-rata share of Shenzhen Shouhui’s undistributed profits; (ii) 150% of the original investment amount paid by investors, plus a pro-rata share of Shenzhen Shouhui’s undistributed profits; and (iii) the fair market value of such shares, depending on different redemption events.

For the Series C investors, the redemption price shall be the highest of: (i) the original investment amount paid by investors, plus an annual compound interest of 10% or 30%, depending on different redemption events, calculated from the payment date of the investment amount to the payment date of the redemption amount, and a pro-rata share of Shenzhen Shouhui’s undistributed profits; (ii) 150% of the original investment amount paid by investors, plus a pro-rata share of Shenzhen Shouhui’s undistributed profits; and (iii) the fair market value of such shares.

The above-mentioned redemption right had been suspended from 12 January 2024, the date on which the Company’s listing application was first filed with the Stock Exchange (the “First Filing”), until 30 September 2025 or 18 months after the First Filing, pursuant to a shareholders’ agreement entered into by, among others, the Company and the pre-IPO Investors on 2 January 2024. If the listing application is withdrawn, rejected or returned, the above-mentioned redemption right shall be automatically restored and the pre-IPO investors may exercise the redemption right in accordance with their terms.

Liquidation preference

Upon the occurrence of any liquidation events, including but not limited to the liquidation, dissolution or winding up of Shenzhen Shouhui, and change in control events, the Onshore Financing Investors shall be entitled to be paid out of the funds and assets available for distribution in priority, an amount up to 150% of the original investment amount, plus a pro-rata share of any undistributed profits of the Shenzhen Shouhui in the sequence as follows: (1) Series C investor; (2) Series B investors; and (3) Series A investor. If the above investors are fully paid, Series Angel investor shall receive the amount up to 150% of the original investment amount. Any remaining assets shall be distributed among all shareholders on a pro-rata basis.

Anti-dilution right

If Shenzhen Shouhui issues new shares at a price per share which is lower than the respective issue price of Series Angel, A, B and C shares, the Onshore Financing Investors shall have the right to choose any of the following ways to be compensated for the difference between the original subscription price and the new issue price:

- (i) to acquire further new shares issued by Shenzhen Shouhui at nil consideration or at minimum consideration permitted by law;
- (ii) to require the founders and/or the employee shareholding platform to transfer their shares at nil consideration or at minimum consideration permitted by law; or
- (iii) to require Shenzhen Shouhui, the founders or the employee shareholding platform to deliver cash to compensate the difference.



Transfer of certain Series Angel shares to a new pre-IPO investor

On 7 May 2021, the Series Angel investor transferred 3% of equity interest in Shenzhen Shouhui to one of the pre-IPO investors, as detailed in the section headed “History, Reorganization and Corporate Structure” of the Prospectus. Upon the transfer of such equity interest, the preferential rights granted to the Series Angel investor expired and hence the carrying amount of the financial liabilities amounted to RMB18,662,000 were reclassified to equity. The financial liabilities arising from the preferential rights granted to the new pre-IPO investor amounting to RMB69,452,000 were reclassified from equity at initial recognition, which were accounted for in accordance with the accounting policy set out in Note 2(n).

Repurchase of shares in 2023

On 17 July 2023, Shenzhen Shouhui repurchased its equity interest of RMB395,000 held by a Series A investor at a consideration of RMB15,000,000, and repurchased its equity interest of RMB422,000 held by a Series B investor at a consideration of RMB16,000,000, pursuant to the share repurchase agreements. The difference between the consideration paid by Shenzhen Shouhui and the carrying amounts of the financial liabilities that represent such investors’ preferential rights was recognised in equity, resulting a decrease of RMB817,000 in paid-in capital and an increase of RMB96,928,000 in capital reserves. The considerations were fully settled on 11 August 2023.

Issuance of preferred shares by the Company in 2024

On 2 January 2024, to reflect the pro rata interest of each of the Onshore Financing Investors in Shenzhen Shouhui, the Company allotted and issued 894,847 Series Angel Preferred Shares, 1,432,333 Series A Preferred Shares, 1,572,430 Series B Preferred Shares, and 1,420,570 Series C Preferred Shares at the aggregate consideration of RMB235,627,000. The consideration had been fully settled by February 2024. On 4 January 2024, pursuant to a capital reduction agreement dated 17 November 2023, the Onshore Financing Investors retrieved their registered share capital of Shenzhen Shouhui with the aggregate consideration of RMB235,627,000. Immediately after the capital reduction, the Onshore Financing Investors ceased to be the shareholders of Shenzhen Shouhui.

The terms of the Preferred Shares substantially mirrored those of the preferential rights granted to the Onshore Financing Investors of Shenzhen Shouhui, except that the following conversion right was granted to holders of the Preferred Shares. Each Preferred Share shall be convertible, at the option of the holder, at any time after the respective issue date into such number of Ordinary Shares as determined by dividing the applicable Preferred Share issue price by the conversion price then in effect at the date of the conversion. The initial conversion ratio for Preferred Shares to Ordinary Shares is 1:1, which will be subject to adjustments to reflect share subdivision, share combination and other events. Upon the closing of a qualified public offering, each of the then outstanding Preferred Shares issued by the Company shall be converted into one or more Ordinary Shares automatically at the conversion price as then in effect.

Presentation and classification

The movements of the financial instruments issued to investors during the Track Record Period are set out below:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year.	961,463	899,907	1,357,136
Remeasurement due to changes in the amount that could be payable	(61,556)	584,340	345,035
Discharged	—	(127,111)	—
At ending of the year.	<u>899,907</u>	<u>1,357,136</u>	<u>1,702,171</u>



Measurement of the amount that could be payable involves the valuation of the Group's equity value which were determined by the directors of the Company with reference to valuation reports issued by an independent qualified professional valuer. The Group used a discounted cash flow method to derive the Group's equity value as of the dates of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the Group's equity value are as follows:

	As at 31 December		
	2022	2023	2024
Volatility	61.66%	52.50%	59.21%-65.81%
Risk-free interest rate	2.33%	2.04%	0.92%-0.96%

25 CAPITAL AND RESERVES

(a) Movements in components of equity

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

The Company	Note	Share capital	Share premium	Capital reserve	Shares held for employee shareholding platforms	Share-based compensation reserve	Accumulated losses	Total equity/(deficit)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 3 August 2023 (date of incorporation)		-	-	-	-	-	-	-
Loss and other comprehensive income for the year		-	-	-	-	-	(142)	(142)
Issuance of ordinary shares	25(b)	*	-	-	(*)	-	-	*
Share-based compensation		-	-	-	-	1,118	-	1,118
Balance as at 31 December 2023 and 1 January 2024		*	-	-	(*)	1,118	(142)	976
Loss and other comprehensive income for the year		-	-	-	-	-	(339,468)	(339,468)
Arising from Reorganisation	(i)	-	-	(1,121,509)	-	-	-	(1,121,509)
Issuance of ordinary shares	25(b)(d)	*	3,931	-	-	-	-	3,931
Share-based compensation		-	5,251	-	*	9,373	-	14,624
Balance as at 31 December 2024		*	9,182	(1,121,509)	(*)	10,491	(339,610)	(1,441,446)

* The balances represent amounts less than RMB500.

Note (i) As part of the Reorganisation, the Company issued preferred shares to offshore investors mentioned in Note 24. The difference between the consideration received and the liability components of the preferred shares, which was accounted for in accordance with the accounting policy set out in Note 2(n), was reflected in the capital reserve.



(b) Paid-in capital/share capital

As discussed in *Note 1*, the Reorganisation was not completed until 10 January 2024. The paid-in capital in the consolidated statements of changes in equity as at 1 January 2022 and 31 December 2022 represented the paid-in capital of Shenzhen Shouhui.

As part of the Reorganisation, the Company was incorporated on 3 August 2023, with an authorised share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1 each. On the same date, the Company issued 3 shares with a consideration of US\$3.

On 16 October 2023, the ordinary shares of US\$1.00 each was subdivided into 100,000 shares of US\$0.00001 each and the authorised share capital of the Company became US\$50,000 divided into 5,000,000,000 ordinary shares with a par value of US\$0.00001 each. On the same date, the Company further allotted and issued a total of 4,379,820 shares at the consideration of US\$44.

On 21 December 2023, some of the shareholders injected US\$47 in share capital of the Company.

On 31 December 2023, the paid-in capital/share capital in the consolidated statement of changes in equity represented the aggregate amount of the paid-in capital of Shenzhen Shouhui and the share capital of the Company.

On 10 January 2024, the Company allotted and issued an aggregate of 101,010 Shares at par to StarReach Tech Limited, with a consideration of RMB3,931,000.

On 16 December 2024, all shareholding employees of Xiaoyusan Limited exercised 401,660 shares.

Upon the completion of Reorganisation, the share capital in the consolidated statements of changes in equity represented the share capital of the Company.

(c) Reserves

(i) Capital reserve

The capital reserve mainly comprises: (i) the difference between consideration received and the financial liabilities arising from the preferential rights granted to the investors; (ii) the changes arising from share transfer of certain Series Angel shares to a new pre-IPO investor and the repurchase of shares in 2023, as detailed in *Note 24*; (iii) the difference between the proportionate net assets of the subsidiary and the consideration received from the non-controlling shareholder; and (iv) the difference between the paid-in capital of Shenzhen Shouhui and the share capital of the Company, taking into account/adjusted for the impact of shares held for the onshore employee shareholding platforms.

(ii) Shares held for employee shareholding platforms

In January 2016 and November 2020, Shenzhen Small Umbrella Investment Management Limited Partnership ("Small Umbrella (ESOP)") and Shenzhen Zhengshu Zhilin Investment Partnership (Limited Partnership) ("Zhengshu Zhilin (ESOP)") were established as the onshore employee shareholding platforms for Shenzhen Shouhui. As of 1 January 2021, total considerations received from the two onshore employee shareholding platforms were RMB40,000.

As Shenzhen Shouhui has the power to govern the relevant activities of the two onshore platforms and can derive benefits from the contributions of the employees who were awarded with the shares under the onshore employee share award scheme, the two onshore platforms were consolidated in the Historical Financial Information.

In November 2023, Shenzhen Shouhui received a capital injection of RMB562,000 from the two onshore employee shareholding platforms.

During the Reorganisation, Vitality Innovations Limited was established as the offshore employee shareholding platform for the Group and Xiaoyusan Limited was set up by a group of existing and former employees of the Company, as a result of grant of employee share awards under the Group's onshore employee share award scheme. In December 2024, the vesting of 401,660 shares of Xiaoyusan Limited was accelerated.



As of 31 December 2024, the Vitality Innovations held an aggregate of 329,920 shares of the Company, with a par value of US\$0.00001 each. As the Company has the power to govern the relevant activities of the offshore platform and can derive benefits from the contributions of the employees who were awarded with the shares under the offshore employee share award scheme, the offshore platform was consolidated in the Historical Financial Information.

(iii) Share-based compensation reserve

The share-based compensation reserve represents the portion of the grant date fair value of equity instruments award granted to the key management personnel and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based compensation in *Note 26*.

(iv) Other reserve

PRC statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group incorporated in the PRC.

In accordance with PRC Company Law, the Group are required to allocate 10% of their profit after taxation, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(v) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The foreign exchange reserve is dealt with in accordance with the accounting policy set out in *Note 2(t)*.

(d) Share premium

Under the Companies Law of the Cayman Islands, the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(e) Dividends

No dividends have been paid by the Company during the Track Record Period.

26 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors, from May 2015 to December 2023, the equity instruments to subscribe for 884,655 shares of Shenzhen Shouhui were granted to eligible participants with an exercise price of RMB1 per share. Unless the board determines otherwise, the equity instruments granted to the eligible employees shall be vested according to the following schedule: (i) 50% of such equity instruments shall be vested on the second anniversary of the grant date; (ii) 25% of such equity instruments shall be vested on the third anniversary of the grant date; and (iii) 25% of such equity instruments shall be vested on the fourth anniversary of the grant date. For employees who have not been employed by the Group for three years on the first vesting date, 75% of such equity instruments shall be vested on the second vesting date, upon the fulfilment of the vesting conditions. The vesting performance conditions include the Qualified IPO shall be completed.

On 30 November 2023, the pre-IPO share award scheme was adopted and treated as a successor to the Group's onshore employee share award scheme. All the terms and conditions of the pre-IPO share award scheme remained unchanged, except for the modification for certain equity instruments granted before 2020 whose expiration dates have been changed from 4 years to 10 years from the original grant date. The Group assessed that the incremental fair value was minimal, and did not recognise such incremental fair value.



In December 2024, the vesting of the total 401,660 shares of Xiaoyusan Limited was accelerated.

The details of equity instruments granted during the Track Record Period are set out as below.

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

	Number of instruments	Vesting conditions years from the date of grant
The 2022 grant	9,041	the longer of 3 years or IPO completion
	3,013	the longer of 4 years or IPO completion
Total equity instruments granted	12,054	
The 2023 grant	41,108	IPO completion
	76,428	the longer of 3 years or IPO completion
	39,178	the longer of 4 years or IPO completion
Total equity instruments granted	156,714	
The 2024 grant.	2,752	the longer of 3 years or IPO completion
	917	the longer of 4 years or IPO completion
Total equity instruments granted	3,669	

(b) The movements in the number of equity instruments are as follows:

	Year ended 31 December		
	2022	2023	2024
Outstanding at the beginning of the year	508,570	520,624	662,279
Granted during the year	12,054	156,714	3,669
Forfeited during the year	–	(15,059)	(8,004)
Vested during the year	–	–	(401,660)
Outstanding at the end of the year	520,624	662,279	256,284
Exercisable at the end of the year.	–	–	–

The equity instruments outstanding at 31 December 2022, 2023 and 2024 had an exercise price of RMB1, RMB1 and RMB0.98, respectively.



(c) **Fair value of equity instruments and assumptions:**

The Group has applied Binomial Option Pricing Model to determine the fair value of the equity instruments granted. The key assumptions used in determining the fair value of equity instruments are as follows:

	As at 31 December		
	2022	2023	2024
Fair value at grant date (per share)	RMB100- RMB106	RMB149- RMB222	RMB223
Exercise price	RMB1	RMB1	RMB0.98
Expected volatility	55%-56%	57%-70%	57%
Expected multiples	2.2	2.2-2.8	2.2
Expected dividends	0%	0%	0%
Risk-free interest rate	2.47%-2.50%	2.32%-2.62%	2.31%

The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the equity instruments. Expected dividend yield is estimated based on the Company's expected dividend policy over the expected life of the equity instruments.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(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 accounts receivable and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions, which the Group considers to represent low credit risk.

The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group does not provide any guarantees which would expose the Group to credit risk.

Accounts receivable and contract assets

In respect of accounts receivable, 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. Accounts receivable and contract assets are non-interest bearing. The Group does not have any off-balance-sheet credit exposure related to its customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate, and therefore no significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs. 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 expected credit loss rates for the accounts receivable and contract assets are listed as follows:

	As at 31 December		
	2022	2023	2024
Accounts receivable	0.1207%	0.1707%	0.1247%
Contract assets	0.1952%	0.3829%	0.3903%



Movement in the loss allowance account in respect of accounts receivable and contract assets during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accounts receivables:			
Balance at 1 January	310	262	271
Loss allowance (reversed)/recognised during the year	(48)	9	(123)
Balance at 31 December	<u>262</u>	<u>271</u>	<u>148</u>
Contract assets:			
Balance at 1 January	724	661	2,428
Loss allowance (reversed)/recognised during the year	(63)	1,767	901
Balance at 31 December	<u>661</u>	<u>2,428</u>	<u>3,329</u>

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow as at 31 December 2022				Carrying amount in consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
Accounts payable	272,596	14,103	1,820	288,519	288,519
Borrowings	9,006	—	—	9,006	8,810
Lease Liabilities	4,048	2,528	1,096	7,672	6,969
Other payables, accruals and other liabilities. . . .	119,842	—	—	119,842	119,842
Financial instruments issued to investors	899,907	—	—	899,907	899,907
Total	<u>1,305,399</u>	<u>16,631</u>	<u>2,916</u>	<u>1,324,946</u>	<u>1,324,047</u>



**Contractual undiscounted cash outflow
as at 31 December 2023**

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount in consolidated statement of financial position
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable	331,846	66,185	19,246	476	417,753	417,753
Lease Liabilities	5,939	3,227	559	–	9,725	8,801
Other payables, accruals and other liabilities	163,234	–	–	–	163,234	163,234
Financial instruments issued to investors	1,357,136	–	–	–	1,357,136	1,357,136
Total	<u>1,858,155</u>	<u>69,412</u>	<u>19,805</u>	<u>476</u>	<u>1,947,848</u>	<u>1,946,924</u>

**Contractual undiscounted cash outflow
as at 31 December 2024**

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount in consolidated statement of financial position
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable	360,886	64,500	36,075	2,155	463,616	463,616
Lease Liabilities	4,446	1,277	137	–	5,860	5,717
Other payables, accruals and other liabilities	126,840	–	–	–	126,840	126,840
Financial instruments issued to investors	1,702,171	–	–	–	1,702,171	1,702,171
Total	<u>2,194,343</u>	<u>65,777</u>	<u>36,212</u>	<u>2,155</u>	<u>2,298,487</u>	<u>2,298,344</u>

(c) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated or set up in the PRC and these subsidiaries considered RMB as their functional currency.

The Group operates mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

(d) 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 financial instruments with variable rates, such as cash and cash equivalent and restricted cash and financial instruments with fixed rates such as interest-bearing borrowings and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.



The following table presents the projected impact on the Group's profit/(loss) for the reporting year, assuming a 25 basis point increase/decrease in interest rates while keeping all other variables constant.

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Increase of 25 basis points	297	338	289
Decrease of 25 basis points	(297)	(338)	(289)

(e) Fair value measurement

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.

As at 31 December 2022				
Note	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss				
Wealth management products	14	=	240,367	=
		=		=

As at 31 December 2023				
Note	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss				
Wealth management products	14	=	369,522	=
		=		=

As at 31 December 2024				
Note	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss				
Wealth management products	14	=	504,796	=
		=		=



The Group estimated that the fair value of wealth management products by using the discounted cash flow valuation model based on the market interest rates of instrument with similar terms and risks.

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of entity	Relationship
Dahe Shenzhen Information Co., Limited (大河(深圳)信息有限公司, "Dahe Shenzhen")	Associate of the Group
Mianmiao Information Technology (Shanghai) Co., Ltd. (棉苗信息科技(上海)有限公司, "Mianmiao")	Associate of the Group
Xiaomianhua Digital Technology (Shanghai) Co., Ltd. (小棉花數字科技(上海)有限公司, "Xiao Mian Hua")	A subsidiary of the associate
Ningbo Dacai Xiaohong Enterprise Management Partnership (Limited Partnership) (寧波大彩小虹企業管理合夥企業(有限合夥), "Ningbo Dacai Xiaohong")	An investor who has significant influence over the Group
Shenzhen Muchenglin Investment Development Co., Limited.(深圳木成林投資發展有限公司, "Muchenglin Investment")	Entity under the control of the directors
Tianjin Gopher Nuochen Enterprise Management Partnership (Limited Partnership) (天津歌斐諾辰企業管理合夥企業(有限合夥), "Gopher SPV")	Shareholder of the Group
Tibet Juzhi Venture Capital Limited Liability Company (西藏聚智創業投資有限公司, "Tibet Juzhi")	Shareholder of the Group
Tianjin Juxin Technology Development Partnership (Limited Partnership) (天津聚新科技發展合夥企業(有限合夥), "Tianjin Juxin")	Shareholder of the Group
Mr. Yao Guang	Director of the Group
Mr. Liwei Han	Director of the Group
Mr. Jianting Li	Director of the Group

(b) Key management personnel remuneration

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

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,240	3,557	5,688
Discretionary bonuses	480	1,180	713
Retirement scheme contributions	160	208	268
Share-based compensation	14	2,582	11,338
Total	<u>3,894</u>	<u>7,527</u>	<u>18,007</u>

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



(c) Related party transactions:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of revenue			
Channel promotion and commission expenses			
– Dahe Shenzhen	2,375	31,713	12,936
– Xiao Mian Hua	–	4,615	39,621
– Others	*	*	–
Technical service	–	–	40
Sales and marketing expenses	–	180	–
Advances to related parties			
– Gopher SPV	–	150,000	–
– Tianjin Juxin	–	36,000	–
– Tibet Juzhi	–	20,000	–
Repayments from related parties			
– Gopher SPV	–	150,000	–
– Tianjin Juxin	–	36,000	–
– Tibet Juzhi	–	20,000	–
– Muchenglin Investment	–	26	–
Gain from a subsidiary disposal to a related party	–	501	–
Borrowings guaranteed by director	10,000	–	–

* The balances represent amounts less than RMB500.

(d) Balance with related parties:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade related:			
Accounts payable			
– Dahe Shenzhen	3,547	8,448	2,629
– Xiao Mian Hua	–	237	24,775
Prepayment, other receivable and other assets			
– Xiao Mian Hua	–	–	3,310
Non-trade related:			
Prepayment, other receivable and other assets	26	–	–



29 FINANCIAL POSITION OF THE COMPANY

(a) Investment in subsidiaries

	Note	As at 31 December	
		2023	2024
		RMB'000	RMB'000
Deemed investment arising from share-based compensation	(i)	1,118	15,742
Investment in subsidiaries		*	*
Total		<u>1,118</u>	<u>15,742</u>

* The balances represent amounts less than RMB500.

(i) The amount represents share-based compensation expenses arising from the grant of equity instruments of the Company to employees of subsidiaries in exchange for their services provided to the subsidiaries, which were deemed to be investments made by the Company into these subsidiaries.

(ii) At the end of each reporting period, the Company assessed the recoverable amounts and there was no impairment in relation to investment in subsidiaries on the Company level.

(b) Prepayment, other receivables and other assets

	Note	As at 31 December	
		2023	2024
		RMB'000	RMB'000
Advances to related parties	(i)	–	106,977
Advances on behalf of a subsidiary		–	10,865
Prepayments for listing expense		–	1,510
Total		<u>–</u>	<u>119,352</u>

(i) Advances to related parties were borrowings from the Company to StarSong Tech Limited, Shouhui Tech H.K. Limited, Shouhui Holding Limited, which were unsecured, interest free and have no fixed repayment terms.

(c) Financial assets at fair value through profit or loss

	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Wealth management product	–	98,193
	<u>–</u>	<u>98,193</u>

The wealth management product as at 31 December 2024 was issued by the asset management subsidiary of a commercial bank, with no fixed or determinable returns. The investment account held a time deposit and certain cash as at 31 December 2024. The fair value of the investment portfolio was determined by the net asset value provided by the account manager at the end of each reporting period.



(d) Other payables, accruals and other liabilities

	As at 31 December	As at 31 December
	2023	2024
	RMB'000	RMB'000
Payables for listing expenses	–	1,510
Payables for organisation expenses	142	144
Total	142	1,654

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

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments, new standards, and interpretations which are not yet effective for the periods beginning on or after 1 January 2024 and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments, new standards, and interpretations in the period of initial application. So far the Group has concluded that the adoption is unlikely to have a significant impact on the Group's consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2024.