

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF METALIGHT INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED****Introduction**

We report on the historical financial information of MetaLight Inc. (the "Company", formerly known as WeBus Holding Ltd.) and its subsidiaries (together, the "Group") set out on pages 3 to 88, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 3 to 88 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 2 June 2025 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Directors' responsibility for the Historical Financial Information**

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

**Reporting accountants' responsibility**

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

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

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

**Adjustments**

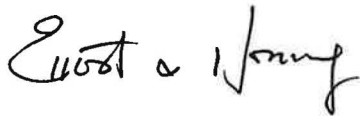
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

**Dividends**

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

**No historical financial statements for the Company**

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.



Certified Public Accountants  
Hong Kong  
2 June 2025

## **I HISTORICAL FINANCIAL INFORMATION**

### **Preparation of Historical Financial Information**

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

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

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

**I HISTORICAL FINANCIAL INFORMATION** (continued)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

|  | Notes | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|-------|--|--|--|
| REVENUE  | 5     | 135,379                                      | 174,536                                      | 206,137                                      |
| Cost of sales  |       | ( 36,577)                                    | ( 41,292)                                    | ( 48,690)                                    |
| Gross profit   |       | 98,802                                       | 133,244                                      | 157,447                                      |
| Other income and gains   | 5     | 5,615  | 6,930  | 6,721  |
| Selling expenses   |       | ( 27,653)                                    | ( 33,446)                                    | ( 38,254)                                    |
| Administrative expenses  |       | ( 13,890)                                    | ( 33,661)                                    | ( 56,236)                                    |
| Research and development expenses  |       | ( 24,990)                                    | ( 33,851)                                    | ( 42,512)                                    |
| Impairment losses/(reversal of<br>impairment losses) on financial assets, net      |       | ( 23,708)                                    | 1,510  | ( 4,370)                                     |
| Fair value losses on financial liabilities<br>at fair value through profit or loss | 26    | ( 29,455)                                    | ( 55,545)                                    | ( 42,968)                                    |
| Other expenses and losses  |       | ( 3,684)                                     | ( 258)                                       | ( 225)                                       |
| Finance costs  | 7     | ( 2,097)                                     | ( 1,895)                                     | ( 1,347)                                     |
| Share of losses of associates  |       | ( 300)                                       | -  | -  |
| LOSS BEFORE TAX  | 6     | ( 21,360)                                    | ( 16,972)                                    | ( 21,744)                                    |
| Income tax credit/(expense)  | 10    | 1,323  | ( 3,356)                                     | ( 4,394)                                     |
| LOSS FOR THE YEAR  |       | ( 20,037)                                    | ( 20,328)                                    | ( 26,138)                                    |
| LOSS PER SHARE ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS<br>OF THE COMPANY        | 12    |  |  |  |
| Basic (RMB)  |       | ( 0.57)                                      | ( 0.58)                                      | ( 0.45)                                      |
| Diluted (RMB)  |       | ( 0.57)                                      | ( 0.58)                                      | ( 0.45)                                      |

**I HISTORICAL FINANCIAL INFORMATION** (continued)**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| LOSS FOR THE YEAR  | ( 20,037)                                    | ( 20,328)                                    | ( 26,138)                                    |
| OTHER COMPREHENSIVE LOSS   |  |  |  |
| Other comprehensive loss that may be reclassified<br>to profit or loss in subsequent periods:          |  |  |  |
| Exchange differences on translation of subsidiaries<br>not operating in Mainland China                 | ( 14,101)                                    | ( 2,850)                                     | ( 1,577)                                     |
| Other comprehensive loss that will not be reclassified<br>to profit or loss in subsequent periods:     |  |  |  |
| Exchange differences on translation of the Company   | ( 17,782)                                    | ( 4,228)                                     | ( 5,190)                                     |
| Fair value loss on an equity investment designated at<br>fair value through other comprehensive income | -  | -  | ( 8,749)                                     |
| Net other comprehensive loss that will not be<br>reclassified to profit or loss in subsequent periods  | ( 17,782)                                    | ( 4,228)                                     | ( 13,939)                                    |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR,<br>NET OF TAX   | ( 31,883)                                    | ( 7,078)                                     | ( 15,516)                                    |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR  | ( 51,920)                                    | ( 27,406)                                    | ( 41,654)                                    |

# I HISTORICAL FINANCIAL INFORMATION (continued)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  | Notes | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|-------|--------------------------------|--------------------------------|--------------------------------|
| <b>NON-CURRENT ASSETS</b>                                  |       |                                |                                |                                |
| Property and equipment                                     | 13    | 1,522                          | 2,116                          | 1,602                          |
| Right-of-use assets  | 14(a) | 5,069                          | 2,959                          | 1,571                          |
| Intangible assets  | 15    | 85                             | 109                            | 328                            |
| Investments in associates                                  | 17    | -                              | -                              | -                              |
| Prepayments, other receivables and other assets            | 19    | 1,020                          | 316                            | 163                            |
| Financial investments                                      | 20    | 2,998                          | 3,496                          | 15,242                         |
| Time deposits  | 21    | -                              | 30,000                         | 30,000                         |
| Deferred tax assets  | 27    | 26,547                         | 23,191                         | 18,797                         |
| Total non-current assets                                   |       | 37,241                         | 62,187                         | 67,703                         |
| <b>CURRENT ASSETS</b>                                      |       |                                |                                |                                |
| Accounts receivable  | 18    | 35,696                         | 46,724                         | 33,659                         |
| Prepayments, other receivables and other assets            | 19    | 10,348                         | 19,176                         | 23,419                         |
| Financial investments                                      | 20    | 53,544                         | 40,092                         | 43,079                         |
| Cash and cash equivalents                                  | 21    | 48,354                         | 55,511                         | 56,306                         |
| Total current assets                                       |       | 147,942                        | 161,503                        | 156,463                        |
| <b>CURRENT LIABILITIES</b>                                 |       |                                |                                |                                |
| Accounts payable   | 22    | 5,422                          | 4,233                          | 7,864                          |
| Contract liabilities                                       | 23    | 465                            | 1,132                          | 439                            |
| Other payables and accruals                                | 24    | 15,049                         | 38,470                         | 31,480                         |
| Interest-bearing bank and other borrowings                 | 25    | 30,965                         | 40,000                         | 30,000                         |
| Lease liabilities  | 14(b) | 2,660                          | 2,631                          | 1,178                          |
| Financial liabilities at fair value through profit or loss | 26    | 390,009                        | 403,248                        | 465,189                        |
| Total current liabilities                                  |       | 444,570                        | 489,714                        | 536,150                        |
| NET CURRENT LIABILITIES                                    |       | ( 296,628)                     | ( 328,211)                     | ( 379,687)                     |
| TOTAL ASSETS LESS CURRENT LIABILITIES                      |       | ( 259,387)                     | ( 266,024)                     | ( 311,984)                     |
| <b>NON-CURRENT LIABILITIES</b>                             |       |                                |                                |                                |
| Lease liabilities  | 14(b) | 2,287                          | 158                            | 108                            |
| Total non-current liabilities                              |       | 2,287                          | 158                            | 108                            |
| Deficiency in assets                                       |       | ( 261,674)                     | ( 266,182)                     | ( 312,092)                     |
| <b>EQUITY</b>  |       |                                |                                |                                |
| Share capital  | 28    | 22                             | 30                             | 44                             |
| Reserves   | 30    | ( 261,696)                     | ( 266,212)                     | ( 312,136)                     |
| Total deficit  |       | ( 261,674)                     | ( 266,182)                     | ( 312,092)                     |

**I HISTORICAL FINANCIAL INFORMATION** (continued)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Year ended 31 December 2022

|   | Note | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Share-based<br>payment<br>reserve<br>RMB'000 | Fair value<br>reserve of<br>financial assets<br>at fair value<br>through other<br>comprehensive<br>income<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Exchange<br>fluctuation<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000 |
|---|------|-----------------------------|-----------------------------|-------------------------------|--|--|----------------------------------|---|----------------------------------|------------------|
| At 1 January 2022   | 22   | -                           | -                           | 14,451                        | 14,398                                       | -  | 850                              | 21,161  | ( 261,032)                       | ( 210,150)       |
| Loss for the year   |      | -                           | -                           | -                             | -  | -  | -                                | -   | ( 20,037)                        | ( 20,037)        |
| Other comprehensive loss for the year:  |      |                             |                             |                               |  |  |                                  |   |                                  |                  |
| Exchange differences on translation<br>of the Group's entities not operating<br>in Mainland China |      | -                           | -                           | -                             | -  | -  | -                                | ( 31,883)                                     | -                                | ( 31,883)        |
| Total comprehensive loss for the year   |      | -                           | -                           | -                             | -  | -  | -                                | ( 31,883)                                     | ( 20,037)                        | ( 51,920)        |
| Equity-settled share-based payment<br>arrangements  | 29   | -                           | -                           | -                             | 396  | -  | -                                | -   | -                                | 396              |
| At 31 December 2022   | 22   | -                           | -                           | 14,451*                       | 14,794*                                      | -  | 850*                             | ( 10,722)*                                    | ( 281,069)*                      | ( 261,674)       |

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**I HISTORICAL FINANCIAL INFORMATION** (continued)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Year ended 31 December 2023

|  |       |                             |                             |                               | Fair value<br>reserves of<br>financial assets<br>at fair value |   |                                  |   |                                  |                   |
|--|-------|-----------------------------|-----------------------------|-------------------------------|--|---|----------------------------------|---|----------------------------------|-------------------|
|  | Notes | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Share-based<br>payment<br>reserve<br>RMB'000                   | through other<br>comprehensive<br>income<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Exchange<br>fluctuation<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000  |
| At 1 January 2023  |       | 22                          | -                           | 14,451                        | 14,794   | -   | 850                              | ( 10,722)                                     | ( 281,069)                       | ( 261,674)        |
| Loss for the year  |       | -                           | -                           | -                             | -  | -   | -                                | -   | ( 20,328)                        | ( 20,328)         |
| Other comprehensive loss for the year:   |       |                             |                             |                               |  |   |                                  |   |                                  |                   |
| Exchange differences on translation<br>of the Group's entities not operating<br>in Mainland China        |       | -                           | -                           | -                             | -  | -   | -                                | ( 7,078)                                      | -                                | ( 7,078)          |
| Total comprehensive loss for the year  |       | -                           | -                           | -                             | -  | -   | -                                | ( 7,078)                                      | ( 20,328)                        | ( 27,406)         |
| Issue of shares  | 28    | 8                           | 12,525                      | -                             | ( 12,413)  | -   | -                                | -   | -                                | 120               |
| Repurchase of shares and capital<br>return to registered owners of<br>a subsidiary                       | 26    | -                           | -                           | 22,197                        | -  | -   | -                                | -   | -                                | 22,197            |
| Capital contribution from registered<br>owners of a subsidiary for the Group's<br>reorganisation purpose |       | -                           | -                           | 100                           | -  | -   | -                                | -   | -                                | 100               |
| Equity-settled share-based payment<br>arrangements   | 29    | -                           | -                           | -                             | 481  | -   | -                                | -   | -                                | 481               |
| At 31 December 2023  |       | <u>30</u>                   | <u>12,525*</u>              | <u>36,748*</u>                | <u>2,862*</u>  | <u>-</u>  | <u>850*</u>                      | <u>( 17,800)*</u>                             | <u>( 301,397)*</u>               | <u>( 266,182)</u> |

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**I HISTORICAL FINANCIAL INFORMATION** (continued)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Year ended 31 December 2024

|   | Notes  | Share capital<br>RMB'000 | Share premium<br>RMB'000 | Capital reserve<br>RMB'000 | Share-based payment reserve<br>RMB'000 | Fair value reserve of financial assets at fair value through other comprehensive income<br>RMB'000 | Statutory reserves<br>RMB'000 | Exchange fluctuation reserve<br>RMB'000 | Accumulated losses<br>RMB'000 | Total<br>RMB'000  |
|---|--------|--------------------------|--------------------------|----------------------------|--|--|-------------------------------|---|-------------------------------|-------------------|
| At 1 January 2024   |        | 30                       | 12,525                   | 36,748                     | 2,862                                  | -  | 850                           | ( 17,800)                               | ( 301,397)                    | ( 266,182)        |
| Loss for the year   |        | -                        | -                        | -                          | -                                      | -  | -                             | -                                       | ( 26,138)                     | ( 26,138)         |
| Other comprehensive loss for the year:  |        |                          |                          |                            |  |  |                               |   |                               |                   |
| Exchange differences on translation of the Group's entities not operating in Mainland China         |        | -                        | -                        | -                          | -                                      | -  | -                             | ( 6,767)                                | -                             | ( 6,767)          |
| Fair value loss on an equity investment designated at fair value through other comprehensive income |        | -                        | -                        | -                          | -                                      | ( 8,749)   | -                             | -                                       | -                             | ( 8,749)          |
| Total comprehensive loss for the year   |        | -                        | -                        | -                          | -                                      | ( 8,749)   | -                             | ( 6,767)                                | ( 26,138)                     | ( 41,654)         |
| Issue of shares   | 28     | 21                       | -                        | -                          | -                                      | -  | -                             | -                                       | -                             | 21                |
| Repurchase of shares and capital return to registered owners of a subsidiary                        | 26, 28 | ( 7)                     | -                        | ( 22,515)                  | -                                      | -  | -                             | -                                       | -                             | ( 22,522)         |
| Capital return to registered owners of a subsidiary for the Group's reorganisation purpose          |        | -                        | -                        | ( 35)                      | -                                      | -  | -                             | -                                       | -                             | ( 35)             |
| Equity-settled share-based payment arrangements   | 29     | -                        | -                        | -                          | 18,280                                 | -  | -                             | -                                       | -                             | 18,280            |
| Appropriation of statutory reserves   |        | -                        | -                        | -                          | -                                      | -  | 285                           | -                                       | ( 285)                        | -                 |
| At 31 December 2024   |        | <u>44</u>                | <u>12,525*</u>           | <u>14,198*</u>             | <u>21,142*</u>                         | <u>( 8,749)*</u>   | <u>1,135*</u>                 | <u>( 24,567)*</u>                       | <u>( 327,820)*</u>            | <u>( 312,092)</u> |

\* These reserve accounts comprise the negative balances of consolidated reserves of RMB261,696,000, RMB266,212,000 and RMB312,136,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

# I HISTORICAL FINANCIAL INFORMATION (continued)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | Notes | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|-------|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |  |  |  |
| Loss before tax   |       | ( 21,360)                                    | ( 16,972)                                    | ( 21,744)                                    |
| Adjustments for:  |       |  |  |  |
| Finance costs   | 7     | 2,097  | 1,895  | 1,347  |
| Share of losses of associates   |       | 300  | -  | -  |
| Bank interest income  | 5     | ( 411)                                       | ( 753)                                       | ( 1,381)                                     |
| Other interest income   | 5     | ( 289)                                       | ( 128)                                       | ( 97)  |
| Investment income   | 5     | ( 2,045)                                     | ( 1,657)                                     | ( 1,574)                                     |
| Fair value losses/(gains) on financial investments<br>at fair value through profit or loss, net | 5, 6  | 2,844  | ( 590)                                       | ( 1,882)                                     |
| Fair value losses on financial liabilities at fair value<br>through profit or loss              | 26    | 29,455                                       | 55,545                                       | 42,968                                       |
| Loss on disposal/write-off of property and equipment  | 6     | 119  | -  | -  |
| COVID-19-related rent concessions from lessors  | 5     | ( 299)                                       | -  | -  |
| Depreciation of property and equipment  | 6     | 263  | 427  | 521  |
| Depreciation of right-of-use assets   | 6     | 2,582  | 2,437  | 2,172  |
| Amortisation of intangible assets   | 6     | 43   | 75   | 63   |
| Impairment of/(reversal of impairment of)<br>financial assets, net                              | 6     | 23,708                                       | ( 1,510)                                     | 4,370  |
| Write-off of other receivables  | 6     | -  | -  | 3  |
| Write-off of contract liabilities   | 5     | -  | -  | ( 179)                                       |
| Equity-settled share-based payment expense  | 29    | 396  | 481  | 18,280                                       |
|   |       | 37,403                                       | 39,250                                       | 42,867                                       |
| Decrease/(increase) in accounts receivable  |       | ( 4,027)                                     | ( 11,028)                                    | 11,184                                       |
| Increase in prepayments, other receivables and<br>other assets                                  |       | ( 6,151)                                     | ( 536)                                       | ( 5,129)                                     |
| Increase/(decrease) in accounts payable   |       | ( 6,865)                                     | ( 1,189)                                     | 3,631  |
| Increase/(decrease) in contract liabilities   |       | ( 3,354)                                     | 667  | ( 514)                                       |
| Increase/(decrease) in other payables and accruals  |       | ( 3,491)                                     | 13,850                                       | 5,062  |
| Effect of foreign exchange rate changes, net  |       | ( 286)                                       | ( 529)                                       | ( 1,082)                                     |
| Cash generated from operations  |       | 13,229                                       | 40,485                                       | 56,019                                       |
| Interest received   |       | 411  | 753  | 463  |
| Interest paid   |       | ( 236)                                       | ( 172)                                       | ( 58)  |
| Net cash flows from operating activities  |       | 13,404                                       | 41,066                                       | 56,424                                       |

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# I HISTORICAL FINANCIAL INFORMATION (continued)

## CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

|  | Notes  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--------|--|--|--|
| Net cash flows from operating activities   |        | <u>13,404</u>                                | <u>41,066</u>                                | <u>56,424</u>                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |        |  |  |  |
| Interest received  |        | -  | 59   | 879  |
| Purchases of property and equipment  | 13     | ( 1,271)                                     | ( 1,021)                                     | ( 7)   |
| Purchases of intangible assets   | 15     | ( 62)  | ( 99)  | ( 282)                                       |
| Investments in an associate  |        | -  | ( 300)                                       | -  |
| Advances of loans to associates  |        | -  | ( 6,800)                                     | -  |
| Repayment of loans from associates   |        | -  | 6,800  | -  |
| Other loans advanced   |        | ( 11,582)                                    | ( 7,330)                                     | -  |
| Repayment of other loans advanced  |        | 1,100  | 3,830  | 1,670  |
| Advances of a loan to a director   |        | -  | ( 2,000)                                     | -  |
| Repayment of a loan from a director  |        | -  | 2,000  | -  |
| Placement of time deposits with original maturity<br>over three months   |        | -  | ( 30,000)                                    | -  |
| Investment in an equity investment designated at<br>fair value through other comprehensive income  |        | -  | -  | ( 17,375)                                    |
| Investments in an equity investment and convertible<br>debt investments at fair value through profit or loss                                 |        | ( 3,000)                                     | -  | ( 2,500)                                     |
| Proceeds from partial disposal/maturity of an equity<br>investment and a convertible debt investment<br>at fair value through profit or loss |        | -  | -  | 1,639  |
| Purchases of current financial investments at<br>fair value through profit or loss   |        | ( 529,539)                                   | ( 553,049)                                   | ( 331,140)                                   |
| Proceeds from maturity of current financial<br>investments at fair value through profit or loss  |        | <u>546,789</u>                               | <u>568,308</u>                               | <u>329,732</u>                               |
| Net cash flows from/(used in) investing activities   |        | <u>2,435</u>                                 | <u>( 19,602)</u>                             | <u>( 17,384)</u>                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |        |  |  |  |
| Proceeds from issue of ordinary shares   | 28     | -  | 120  | -  |
| Proceeds from issue of preferred shares  | 26     | -  | -  | 18,518                                       |
| Repurchase of shares   | 28     | -  | -  | ( 11,703)                                    |
| Repurchase of preferred shares   | 24, 26 | -  | -  | ( 12,000)                                    |
| Prepayments of share issue expenses  |        | -  | ( 2,209)                                     | ( 3,074)                                     |
| Capital contribution from/(return to) registered owners of<br>a subsidiary for the Group's reorganisation purpose                            |        | -  | 100  | ( 35)  |
| Capital return to registered owners of a subsidiary  | 26     | -  | ( 15,000)                                    | ( 17,000)                                    |
| New bank borrowings  |        | 27,000                                       | 75,590                                       | 30,000                                       |
| Repayment of bank borrowings   |        | ( 32,985)                                    | ( 59,590)                                    | ( 40,000)                                    |
| New other borrowings   |        | -  | 3,541  | -  |
| Repayment of other borrowings  |        | -  | ( 10,440)                                    | -  |
| Principal portion of lease payments  |        | ( 1,795)                                     | ( 2,485)                                     | ( 2,179)                                     |
| Interest paid on bank and other borrowings   |        | ( 1,189)                                     | ( 4,111)                                     | ( 1,341)                                     |
| Net cash flows used in financing activities  |        | <u>( 8,969)</u>                              | <u>( 14,484)</u>                             | <u>( 38,814)</u>                             |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  |        | 6,870  | 6,980  | 226  |
| Cash and cash equivalents at beginning of year   |        | 41,165                                       | 48,354                                       | 55,511                                       |
| Effect of foreign exchange rate changes, net   |        | <u>319</u>                                   | <u>177</u>                                   | <u>569</u>                                   |
| CASH AND CASH EQUIVALENTS AT END OF YEAR   |        | <u><u>48,354</u></u>                         | <u><u>55,511</u></u>                         | <u><u>56,306</u></u>                         |

**I HISTORICAL FINANCIAL INFORMATION** (continued)

**CONSOLIDATED STATEMENTS OF CASH FLOWS** (continued)

|   | Notes | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|-------|--|--|--|
| ANALYSIS OF CASH AND CASH EQUIVALENTS   |       |  |  |  |
| Cash and bank balances  |       | 48,354                                       | 49,811                                       | 56,306                                       |
| Short-term deposits   |       | <u>-</u>                                     | <u>5,700</u>                                 | <u>-</u>                                     |
| Cash and cash equivalents as stated in the statements<br>of cash flows and statements of financial position | 21    | <u><u>48,354</u></u>                         | <u><u>55,511</u></u>                         | <u><u>56,306</u></u>                         |

# I HISTORICAL FINANCIAL INFORMATION (continued)

## STATEMENTS OF FINANCIAL POSITION

|  | Notes | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|-------|--------------------------------|--------------------------------|--------------------------------|
| <b>NON-CURRENT ASSETS</b>                                  |       |                                |                                |                                |
| Investments in subsidiaries                                | 16    | 182,595                        | 171,198                        | 181,102                        |
| Financial investments                                      | 20    | -                              | -                              | 8,960                          |
| Total non-current assets                                   |       | <u>182,595</u>                 | <u>171,198</u>                 | <u>190,062</u>                 |
| <b>CURRENT ASSETS</b>                                      |       |                                |                                |                                |
| Due from subsidiaries                                      | 16    | 7                              | 127                            | 122                            |
| Prepayments, other receivables and other assets            | 19    | 26                             | 1,958                          | 4,719                          |
| Financial investments                                      | 20    | 3,386                          | -                              | -                              |
| Cash and cash equivalents                                  | 21    | <u>212</u>                     | <u>614</u>                     | <u>10,359</u>                  |
| Total current assets                                       |       | <u>3,631</u>                   | <u>2,699</u>                   | <u>15,200</u>                  |
| <b>CURRENT LIABILITIES</b>                                 |       |                                |                                |                                |
| Due to subsidiaries  | 16    | -                              | 12,961                         | 70,074                         |
| Other payables and accruals                                | 24    | 2,438                          | 20,006                         | 12,997                         |
| Interest-bearing bank and other borrowings                 | 25    | 6,965                          | -                              | -                              |
| Financial liabilities at fair value through profit or loss | 26    | <u>390,009</u>                 | <u>436,215</u>                 | <u>465,189</u>                 |
| Total current liabilities                                  |       | <u>399,412</u>                 | <u>433,516</u>                 | <u>548,260</u>                 |
| NET CURRENT LIABILITIES                                    |       | ( <u>395,781</u> )             | ( <u>422,144</u> )             | ( <u>533,060</u> )             |
| TOTAL ASSETS LESS CURRENT LIABILITIES                      |       | ( <u>213,186</u> )             | ( <u>262,318</u> )             | ( <u>342,998</u> )             |
| Deficiency in assets                                       |       | ( <u>213,186</u> )             | ( <u>262,318</u> )             | ( <u>342,998</u> )             |
| <b>EQUITY</b>  |       |                                |                                |                                |
| Share capital  | 28    | 22                             | 30                             | 44                             |
| Reserves   | 30    | ( <u>213,208</u> )             | ( <u>262,348</u> )             | ( <u>343,042</u> )             |
| Total deficit  |       | ( <u>213,186</u> )             | ( <u>262,318</u> )             | ( <u>342,998</u> )             |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 21 May 2015. The registered office of the Company is located at Palm Grove, Unit 4, 265 Smith Road, George Town, P.O. Box 52A Edgewater Way, #1653, Grand Cayman, KY1-9006, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries registered in the People's Republic of China (the "PRC") were principally engaged in the provision of mobile advertising services and vehicle dynamic information via app and mini program in WeChat, both of which are known as *Chelaile*, and data technology services.

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

| Name  | Place and date of incorporation/<br>registration and<br>place of operations | Nominal value<br>of issued<br>ordinary<br>share capital/<br>registered<br>capital | Percentage<br>of equity<br>attributable<br>to the Company |          | Principal<br>activities   |
|---|---|---|---|----------|---|
|   |   |   | Direct  | Indirect |   |
| MetaLight Technology<br>HK Limited (note (a))   | Hong Kong<br>4 June 2015  | HK\$10,000  | 100   | -        | Investment holding  |
| MetaLight HK Limited<br>(note (b))  | Hong Kong<br>25 September<br>2024   | HK\$1   | -   | 100      | Not yet commenced<br>commercial<br>operation  |
| BINARY INVESTMENTS<br>PTE. LTD.<br>("Binary") (note (c))  | Singapore<br>4 January 2024   | S\$100,000  | 100   | -        | Investment holding  |
| Beijing Yuanguang<br>Zhixing Information<br>Technology Co., Ltd.<br>("Beijing WFOE")<br>(北京元光智行信息<br>技术有限公司*<br>(note (d))) | PRC/<br>Mainland China<br>11 August 2015                                    | USD42,000,000   | -   | 100      | Provision of mobile<br>advertising services<br>via app <i>Chelaile</i> and<br>investment holding          |
| Wuhan Yuanguang<br>Technology<br>Co., Ltd. ("Wuhan<br>Yuanguang")<br>(武汉元光科技<br>有限公司* (note (d)))                           | PRC/<br>Mainland China<br>4 February 2010                                   | RMB15,000,000   | -   | 100      | Provision of mobile<br>advertising services<br>via app <i>Chelaile</i> and<br>data technology<br>services |
| Wuhan Yuanguang<br>Zhineng Technology<br>Co., Ltd.<br>("Wuhan WFOE")<br>(武汉元光智能科技<br>有限公司* (note (c)))                      | PRC/<br>Mainland China<br>8 January 2024                                    | USD10,000,000   | -   | 100      | Provision of internal<br>auxiliary services<br>to other Group<br>companies                                |
| Beijing Yuanguang<br>Zhixing Technology<br>Co., Ltd.<br>("Beijing Yuanguang")<br>(北京元光智行科技<br>有限公司* (note (d)))             | PRC/<br>Mainland China<br>6 May 2015  | RMB100,000  | -   | 100      | Provision of internal<br>auxiliary services<br>to other Group<br>companies                                |

# 1. CORPORATE INFORMATION (continued)

| Name   | Place and date of incorporation/<br>registration and<br>place of operations | Nominal value<br>of issued<br>ordinary<br>share capital/<br>registered<br>capital | Percentage<br>of equity<br>attributable<br>to the Company |          | Principal<br>activities  |
|--|---|---|---|----------|--|
|  |   |   | Direct  | Indirect |  |
| Wuhan Chexing<br>Weilai Technology<br>Co., Ltd.<br>("Wuhan Chexing")<br>(武汉车行未来科技<br>有限公司* (note (d)))                         | PRC/<br>Mainland China<br>9 December 2016                                   | RMB1,000,000  | -   | 100      | Provision of internal<br>auxiliary services<br>to other Group<br>companies |
| Hainan Yuanguang<br>Zhineng Information<br>Technology Co., Ltd.<br>("Hainan Yuanguang")<br>(海南元光智能信息<br>技术有限公司*<br>(note (c))) | PRC/<br>Mainland China<br>23 January 2024                                   | RMB1,000,000  | -   | 100      | Not yet commenced<br>commercial<br>operation                               |

\* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

## Notes:

- The statutory financial statements of this entity for the year ended 31 December 2022 prepared under Hong Kong Financial Reporting Standards were audited by Prestige CPA Limited, certified public accountants registered in Hong Kong, and the statutory financial statement of this entity for the years ended 31 December 2023 and 2024 prepared under Hong Kong Financial Reporting Standards were audited by Wiselite CPA Limited, certified public accountants registered in Hong Kong.
- No audited financial statements have been prepared for this entity during the Relevant Periods as this entity was newly incorporated for less than six months in 2024 and has not yet commenced commercial operation.
- No audited financial statements have been prepared for these entities during the Relevant Periods as these entities were newly incorporated in 2024 and they were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation/registration.
- No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

In addition to the above entities, during the Relevant Periods, the Company had indirect 100% equity interests in Foshan Chekuailai Technology Co., Ltd.\* (佛山车快来科技有限公司) and Hangzhou Chekuailai Technology Co., Ltd.\* (杭州车快来科技有限公司), both of which were established in the PRC and operated in Mainland China, and deregistered in March 2024. Prior to their deregistration, both entities were principally engaged in the provision of internal auxiliary service to other Group companies during the Relevant Periods.

## 1. CORPORATE INFORMATION (continued)

### Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing value-added telecommunication services in the PRC, majority of the Group's business was carried out by Wuhan Yuanguang and its subsidiaries operating in Mainland China while the remaining business was carried out by Beijing WFOE during the Relevant Periods. As part of the Group's reorganisation completed prior to the beginning of the Relevant Periods, the relevant PRC entities and parties, including Beijing WFOE, Wuhan Yuanguang, Beijing Yuanguang, Wuhan Chexing, and the then registered owners of these PRC entities (if applicable), entered into three sets of contractual arrangements to enable the Company to exercise effective control over Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing. Accordingly, Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing have since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing.

In preparation for the planned initial listing of the shares of the Company on the Stock Exchange and due to the changes in the registered owners or interests held by the registered owners of various PRC entities of the Group during the years ended 31 December 2023 and 2024, the aforementioned contractual arrangements were dismantled and new contractual arrangements, which were set up to accommodate the requirements arising therefrom, were entered into between the relevant PRC entities and parties to replace the terminated contractual arrangements at the respective dates of termination to ensure the Company's continuous effective control over Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing during the Relevant Periods.

On 30 October 2024 and 1 November 2024, the Company obtained indirect 100% legal ownerships of Wuhan Chexing and Beijing Yuanguang from their respective registered owners. Therefore at the end of the Relevant Periods, there remained only one set of contractual arrangement which was entered into between Wuhan WFOE, Wuhan Yuanguang and the then registered owners of Wuhan Yuanguang collectively held 50% interest in Wuhan Yuanguang (if applicable) on 11 November 2024, comprising an exclusive business cooperation service agreement, an exclusive option agreement and an equity pledge agreement, as well as consents granted by spouses of the then registered owners of Wuhan Yuanguang (if applicable) and powers of attorney granted by the then registered owners of Wuhan Yuanguang, which enable the Company to exercise effective control over Wuhan Yuanguang and obtain substantially all economic benefits of Wuhan Yuanguang, after taken into consideration of the remaining 50% interest in Wuhan Yuanguang directly held by Wuhan WFOE and/or Binary.

Further details of the contractual arrangements are set out in the section headed "Contractual Arrangements" in the Prospectus.



## **2. ACCOUNTING POLICIES**

### **2.1 BASIS OF PREPARATION**

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss and other comprehensive income and financial liabilities at fair value through profit or loss which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2024, the Group and the Company recorded net current liabilities amounting to RMB379,687,000 and RMB533,060,000, and deficiency in assets amounting to RMB312,092,000 and RMB342,998,000, respectively. The net current liabilities and deficiency in assets primarily arose from the convertible redeemable preferred shares (the “Preferred Shares”) included in financial liabilities at fair value through profit or loss amounting to RMB463,189,000 as at 31 December 2024. As disclosed in note 26 to the Historical Financial Information, since the redemption rights of the Preferred Shares were conditionally suspended upon the first submission of the listing application to the Stock Exchange on 31 May 2024, the directors of the Company do not expect the Preferred Shares to be redeemed within twelve months since the date of approval of the Historical Financial Information. In addition, the directors of the Company have reviewed the Group’s cash flow projection prepared by management, which covered a period of not less than twelve months from 31 December 2024. In the opinion of the directors of the Company, taking into account (i) the Group’s financial resources on hand, (ii) the conditional suspension of the redemption rights of the Preferred Shares and the conversion of the Preferred Shares into ordinary shares of the Company in connection with the planned initial listing of the shares of the Company within one year from the end of the Relevant Periods, and (iii) the anticipated cash flows to be generated from the Group’s operations as well as the anticipated proceeds from issue of shares of the Company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

## 2.1 BASIS OF PREPARATION (continued)

### Basis of consolidation

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

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

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

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

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

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

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

## 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

|   |   |
|---|---|
| IFRS 18   | <i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>                                   |
| IFRS 19   | <i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>                               |
| Amendments to IFRS 9<br>IFRS 7                                    | <i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>             |
| Amendments to IFRS 10<br>and IAS 28                               | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup> |
| Amendments to IAS 21  | <i>Lack of Exchangeability</i> <sup>1</sup>   |
| <i>Annual Improvements to Accounting Standards</i><br>- Volume 11 | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>2</sup>                                      |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. IFRS 18 is not expected to have any significant impact on the Group's financial position and performance and the Group will continue to analyse the new requirements and assess the impact of IFRS 18 on the presentation and disclosure of the Group's financial information.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. IFRS 19 is not expected to have any significant impact on the Group's financial information.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

## 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or accumulated losses or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial information.

*Annual Improvements to IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial information.

## 2.3 MATERIAL ACCOUNTING POLICIES

### Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Fair value measurement

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

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

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

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

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

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

### Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Property and equipment and depreciation

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

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

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

|                                |  |
|--------------------------------|--|
| Leasehold improvements         | Over the shorter of the lease terms and 33.33% |
| Furniture and office equipment | 20%  |
| Electronics equipment          | 20%  |
| Motor vehicles                 | 20%  |

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

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

### Intangible assets (other than goodwill)

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

### *Software*

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

### *Research and development costs*

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Leases

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

#### *Group as a lessee*

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

#### (a) Right-of-use assets

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

|           |              |
|-----------|--------------|
| Buildings | 2 to 3 years |
|-----------|--------------|

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

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

#### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets

#### *Initial recognition and measurement*

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

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

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

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

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

#### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

##### *Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### Derecognition of financial assets

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

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

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

#### Impairment of financial assets

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

#### General approach

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

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach under certain circumstances as detailed below.

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

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### *Simplified approach*

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

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

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

#### *Subsequent measurement*

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

#### *Financial liabilities at amortised cost (accounts and other payables, and borrowings)*

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

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

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

### Derecognition of financial liabilities

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

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

### Offsetting of financial instruments

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

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

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

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

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

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

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

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

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

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

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

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

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments.

### Revenue recognition

#### *Revenue from contracts with customers*

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accrued on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) Mobile advertising services

The Group provides display advertising services primarily through display of impressions of customers' advertisements on particular areas of the Group's app and mini program in WeChat, both of which are known as *Chelaile* (the "App Advertising"). The service fee from customers is charged primarily on the basis of per thousand impressions. Revenue is recognised at the point in time upon the occurrence of qualified displays.

The Group also provides display advertising services by posting articles of customers' advertisements on *Chelaile's* official account in WeChat (the "WeChat Advertising"). The Group recognises revenue at the point in time when the article is posted in WeChat.

#### (b) Data technology services

The Group's data-driven services include data related services, data analytics services, consultancy services and other related auxiliary services based on its data and knowledge mainly in the field of public transportation in major cities of Mainland China. Revenue is recognised over time as services are rendered, or at a point in time when ultimate users consume the corresponding public transportation services.

The Group provides information technology ("IT") solution services customised to the specific needs of particular customers. Revenue is recognised over time, using an output method to measure progress towards complete satisfaction of the service, when the Group's performance creates an asset with no alternative use to the Group and the Group has enforceable right to payment for performance obligations completed to date; otherwise, the revenue is recognised at a point in time upon acceptance of customised services by customers.

### *Other income*

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

## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Contract liabilities

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

### Share-based payments

The Group operates two share-based incentive schemes. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binominal model for share options or with reference to the fair value of the underlying share for share awards, further details of which are given in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.



## 2.3 MATERIAL ACCOUNTING POLICIES (continued)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Dividends

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

### Events after the reporting period

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

### Foreign currencies

The functional currency and presentation currency of the Company is the United States Dollars ("USD") and RMB, respectively.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Group's entities not operating in Mainland China are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the respective year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of an entity not operating in Mainland China which is directly or indirectly owned by the Company, the cumulative amount in the reserve relating to that particular entity is recognised in the statement of profit or loss. The cumulative exchange differences arising from the translation of the Company's standalone financial statements are not reclassified to profit or loss in the consolidated financial statements.

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

For the purpose of the consolidated statements of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

#### *Accounting for companies governed under contractual arrangements as subsidiaries*

The Company and some of its subsidiaries do not hold any equity interests in certain of their subsidiaries. Nevertheless, under the contractual agreements entered into between the Group and the shareholders/shareholding companies who are the registered owners of those subsidiaries, the directors of the Company determine that the Group has the power to govern the financial and operating policies of those subsidiaries so as to obtain benefits from their activities. As such, those subsidiaries are accounted for as subsidiaries of the Group for accounting purposes.

#### *Research and development costs*

Development expenses incurred on the Group's products and services are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were expensed when incurred.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty

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

#### *Estimation of fair value of financial liabilities at fair value through profit or loss*

The fair value of Preferred Shares is determined by using valuation techniques with assumptions such as discount rate, risk-free interest rate and volatility. The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing model, was adopted to determine the fair value of the Preferred Shares. The Group classified the fair value of the Preferred Shares as Level 3. The fair values of the Preferred Shares were RMB390,009,000, RMB403,248,000 and RMB465,189,000 at 31 December 2022, 2023 and 2024, respectively. Further details are included in note 26 to the Historical Financial Information.

#### *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### *Deferred tax assets*

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

The Group has tax losses of RMB2,138,000, RMB2,384,000 and RMB1,628,000 carried forward at 31 December 2022, 2023 and 2024, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. These subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details are contained in note 27 to the Historical Financial Information.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, during the Relevant Periods, the Group has only one reportable operating segment, which is the provision of mobile advertising services via app *Chelaile* and data technology services, because the Group's chief operating decision maker, who has been identified as the Chief Executive Officer ("CEO"), regularly reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

##### Geographical information

###### (a) Revenue from external customers

All of the Group's external revenue were derived from customers located in Mainland China during the Relevant Periods.

###### (b) Non-current assets

All of the Group's non-current assets were located in Mainland China as at the end of each of the Relevant Periods. The non-current asset information excludes financial instruments and deferred tax assets.

##### Information about major customers

During the Relevant Periods, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

|            | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|------------|--|--|--|
| Customer A | 42,183                                       | 51,076                                       | 53,290                                       |
| Customer B | 23,480                                       | 34,604                                       | 38,365                                       |
| Customer C | 13,672                                       | 19,676                                       | 20,721                                       |
| Customer F | <u>14,377</u>                                | <u>-</u>                                     | <u>-</u>                                     |

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

|                             | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|-----------------------------|--|--|--|
| Mobile advertising services | 115,284                                      | 167,979                                      | 202,049                                      |
| Data technology services    | <u>20,095</u>                                | <u>6,557</u>                                 | <u>4,088</u>                                 |
| Total                       | <u>135,379</u>                               | <u>174,536</u>                               | <u>206,137</u>                               |

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

|                              | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|------------------------------|--|--|--|
| Transfer at a point in time: |  |  |  |
| Mobile advertising services  | 115,284                                      | 167,979                                      | 202,049                                      |
| Data technology services     | <u>1,146</u>                                 | <u>2,324</u>                                 | <u>1,532</u>                                 |
| Subtotal                     | <u>116,430</u>                               | <u>170,303</u>                               | <u>203,581</u>                               |
| Transfer over time:          |  |  |  |
| Data technology services     | <u>18,949</u>                                | <u>4,233</u>                                 | <u>2,556</u>                                 |
| Subtotal                     | <u>18,949</u>                                | <u>4,233</u>                                 | <u>2,556</u>                                 |
| Total revenue                | <u>135,379</u>                               | <u>174,536</u>                               | <u>206,137</u>                               |

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

|                             | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|-----------------------------|--|--|--|
| Mobile advertising services | 389  | 69   | 327  |
| Data technology services    | <u>3,430</u>                                 | <u>396</u>                                   | <u>805</u>                                   |
| Total                       | <u>3,819</u>                                 | <u>465</u>                                   | <u>1,132</u>                                 |

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

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

### *Mobile advertising services*

The performance obligation of the App Advertising is satisfied upon the occurrence of qualified displays and payment is generally due within 30 days from the billing date, except for small-sized customers where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint. The performance obligation of the WeChat Advertising is satisfied upon the posting of articles in WeChat and payment in advance is required.

### *Data technology services*

The performance obligation of data-driven services is satisfied over time as services are rendered, while the performance obligation of customised IT solution services is satisfied either over time or at a point in time depending on whether the Group has enforceable right to payment for performance obligations completed to date. Payment due date is negotiated on a contract-by-contract basis and certain contracts require a portion of service fee to be paid in advance upon signing the contracts and/or retained by customers until the end of the retention period upon the satisfaction of the service quality by the customers.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Amounts expected to be recognised as revenue: |                                |                                |                                |
| Within one year                               | 4,176                          | 1,299                          | 1,003                          |
| After one year                                | <u>263</u>                     | <u>597</u>                     | <u>8</u>                       |
| Total   | <u>4,439</u>                   | <u>1,896</u>                   | <u>1,011</u>                   |

An analysis of the Group's other income and gains is as follows:

|   | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|--|--|--|
| <u>Other income</u>   |  |  |  |
| Bank interest income  | 411  | 753  | 1,381  |
| Other interest income   | 289  | 128  | 97   |
| Investment income from financial investments at fair value through profit or loss | 2,045  | 1,657  | 1,574  |
| Government grant *  | 2,410  | 3,760  | 1,428  |
| Others  | <u>-</u>                                     | <u>32</u>                                    | <u>2</u>                                     |
| Total other income  | <u>5,155</u>                                 | <u>6,330</u>                                 | <u>4,482</u>                                 |
| <u>Gains</u>  |  |  |  |
| Fair value gains on financial investments at fair value through profit or loss    | 158  | 590  | 1,882  |
| Covid-19-related rent concessions from lessors                                    | 299  | -  | -  |
| Write-off of contract liabilities   | -  | -  | 179  |
| Foreign exchange gains, net   | <u>3</u>                                     | <u>10</u>                                    | <u>178</u>                                   |
| Total gains   | <u>460</u>                                   | <u>600</u>                                   | <u>2,239</u>                                 |
| Total other income and gains  | <u>5,615</u>                                 | <u>6,930</u>                                 | <u>6,721</u>                                 |

- \* Various government grants during the Relevant Periods were mainly attributable to the Group's development in advanced technology and contributions to the district where the Group's primary business operates, as well as additional value-added tax deductibles and other tax benefits. There are no unfulfilled conditions or contingencies relating to these government grants.

## 6. LOSS BEFORE TAX

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

|   | Notes | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|-------|--|--|--|
| Cost of services provided *   |       | 36,577                                       | 41,292                                       | 48,690                                       |
| Depreciation of property and equipment  | 13    | 263  | 427  | 521  |
| Depreciation of right-of-use assets   | 14(a) | 2,582  | 2,437  | 2,172  |
| Amortisation of intangible assets   | 15    | 43   | 75   | 63   |
| Lease payments not included in the measurement of lease liabilities                           | 14(c) | 83   | 28   | 147  |
| Auditor's remuneration  |       | -  | -  | -  |
| Listing expenses  |       | -  | 10,797                                       | 19,109                                       |
| Employee benefit expense (excluding directors' and chief executive's remuneration (note 8): * |       |  |  |  |
| Wages and salaries  |       | 34,463                                       | 42,693                                       | 38,092                                       |
| Social welfare benefits   |       | 4,308  | 4,827  | 5,122  |
| Termination benefits  |       | 974  | 3,287  | 1,029  |
| Equity-settled share-based payment expense  |       | 396  | 481  | 6,355  |
| Pension scheme contribution (defined contribution scheme)                                     |       | <u>1,764</u>                                 | <u>1,978</u>                                 | <u>2,277</u>                                 |
| Total   |       | <u>41,905</u>                                | <u>53,266</u>                                | <u>52,875</u>                                |
| Impairment of/(reversal of impairment of) financial assets, net:                              |       |  |  |  |
| Accounts receivable   | 18    | 462  | -  | 1,881  |
| Financial assets included in prepayments, other receivables and other assets                  | 19    | <u>23,246</u>                                | <u>( 1,510)</u>                              | <u>2,489</u>                                 |
| Total   |       | <u>23,708</u>                                | <u>( 1,510)</u>                              | <u>4,370</u>                                 |
| Fair value losses on financial investments at fair value through profit or loss **            |       | 3,002  | -  | -  |
| Loss on disposal/write-off of property and equipment **                                       |       | 119  | -  | -  |
| Write-off of other receivables **   |       | -  | -  | 3  |
| Donations **  |       | -  | 250  | -  |
| Penalties and compensation **   |       | <u>563</u>                                   | <u>8</u>                                     | <u>222</u>                                   |

\* Employee benefit expense of RMB10,246,000, RMB9,802,000 and RMB9,606,000 are classified as and included in cost of services provided for the years ended 31 December 2022, 2023 and 2024, respectively.

\*\* These items are included in "Other expenses and losses" in the consolidated statements of profit or loss.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

|                               | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|-------------------------------|--|--|--|
| Interest on bank borrowings   | 1,189  | 1,475  | 1,289  |
| Interest on other borrowings  | 672  | 248  | -  |
| Interest on lease liabilities | <u>236</u>                                   | <u>172</u>                                   | <u>58</u>                                    |
| Total                         | <u>2,097</u>                                 | <u>1,895</u>                                 | <u>1,347</u>                                 |

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the Company's directors (including the chief executive) during the Relevant Periods is summarised as follows:

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Fees                                       | -  | -  | -  |
| Other emoluments:                          |  |  |  |
| Salaries, allowances and benefits in kind  | 2,192  | 2,620  | 4,126  |
| Discretionary performance related bonuses  | 957  | 3,720  | 2,964  |
| Equity-settled share-based payment expense | -  | -  | 11,925                                       |
| Pension scheme contributions               | 139  | 188  | 205  |
| Subtotal                                   | 3,288  | 6,528  | 19,220                                       |
| Total fees and other emoluments            | 3,288  | 6,528  | 19,220                                       |

During the Relevant Periods, certain directors were granted share options and/or share awards of the Company in respect of their services to the Group, under the share-based incentive schemes of the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such share options and share awards, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

The remuneration of each of the Company's directors is set out below:

|                             | Fees<br>RMB'000 | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Discretionary<br>performance<br>related<br>bonuses<br>RMB'000 | Equity-settled<br>share-based<br>payment<br>expense<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Total<br>remuneration<br>RMB'000 |
|-----------------------------|-----------------|---|---|--|---|----------------------------------|
| Year ended 31 December 2022 |                 |   |   |  |   |                                  |
| Dr. SUN Xi *                | -               | 667   | 338   | -  | 48  | 1,053                            |
| Mr. LIU Wei                 | -               | -   | -   | -  | -   | -                                |
| Ms. SHE Yali                | -               | 415   | 120   | -  | 12  | 547                              |
| Mr. LI Xiaoguang            | -               | -   | -   | -  | -   | -                                |
| Ms. ZHANG Yu                | -               | -   | -   | -  | -   | -                                |
| Mr. XIAO Pingyuan           | -               | 472   | 104   | -  | 12  | 588                              |
| Mr. CHAI Hua                | -               | -   | -   | -  | -   | -                                |
| Ms. QIAN Jinlei             | -               | 638   | 395   | -  | 67  | 1,100                            |
| Total                       | -               | 2,192   | 957   | -  | 139   | 3,288                            |
| Year ended 31 December 2023 |                 |   |   |  |   |                                  |
| Dr. SUN Xi *                | -               | 683   | 560   | -  | 71  | 1,314                            |
| Mr. LIU Wei                 | -               | -   | -   | -  | -   | -                                |
| Ms. SHE Yali                | -               | 345   | -   | -  | 17  | 362                              |
| Mr. LI Xiaoguang            | -               | -   | -   | -  | -   | -                                |
| Ms. ZHANG Yu                | -               | -   | -   | -  | -   | -                                |
| Mr. XIAO Pingyuan           | -               | 392   | -   | -  | 17  | 409                              |
| Mr. CHAI Hua                | -               | -   | -   | -  | -   | -                                |
| Ms. QIAN Jinlei             | -               | 641   | 660   | -  | 70  | 1,371                            |
| Ms. YU Hao                  | -               | -   | -   | -  | -   | -                                |
| Ms. LU Lu                   | -               | 447   | 2,000   | -  | 10  | 2,457                            |
| Mr. XU Cheng                | -               | 112   | 500   | -  | 3   | 615                              |
| Total                       | -               | 2,620   | 3,720   | -  | 188   | 6,528                            |



## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the Company's directors is set out below: (continued)

|                             | Fees<br>RMB'000 | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Discretionary<br>performance<br>related<br>bonuses<br>RMB'000 | Equity-settled<br>share-based<br>payment<br>expense<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Total<br>remuneration<br>RMB'000 |
|-----------------------------|-----------------|---|---|--|---|----------------------------------|
| Year ended 31 December 2024 |                 |   |   |  |   |                                  |
| Dr. SUN Xi *                | -               | 687   | 660   | 4,881  | 66  | 6,294                            |
| Mr. CHAI Hua                | -               | -   | -   | -  | -   | -                                |
| Ms. QIAN Jinlei             | -               | 647   | 660   | 3,234  | 66  | 4,607                            |
| Ms. YU Hao                  | -               | -   | -   | -  | -   | -                                |
| Ms. LU Lu                   | -               | 2,100   | 1,500   | 2,895  | 58  | 6,553                            |
| Mr. XU Cheng                | -               | 692   | 144   | 915  | 15  | 1,766                            |
| Dr. XIE Tao                 | -               | -   | -   | -  | -   | -                                |
| Ms. SU Yu                   | -               | -   | -   | -  | -   | -                                |
| Mr. LI Yifan                | -               | -   | -   | -  | -   | -                                |
| Mr. ZHENG Yunduan           | -               | -   | -   | -  | -   | -                                |
| Total                       | -               | 4,126   | 2,964   | 11,925   | 205   | 19,220                           |

\* Dr. SUN Xi is also the chief executive of the Company.

On 9 November 2023, Mr. LIU Wei, Ms. SHE Yali, Mr. LI Xiaoguang, Ms. ZHANG Yu and Mr. XIAO Pingyuan resigned as directors of the Company, and Ms. YU Hao, Ms. LU Lu and Mr. XU Cheng were appointed as directors of the Company.

On 23 April 2024, Mr. CHAI Hua and Ms. YU Hao resigned as directors of the Company.

On 29 May 2024, (i) Dr. SUN Xi, Ms. QIAN Jinlei, Ms. LU Lu and Mr. XU Cheng were re-designated as executive directors of the Company with immediate effect; and (ii) Ms. SU Yu, Mr. ZHENG Yunduan and Dr. XIE Tao were appointed as independent non-executive directors of the Company with effect from the date of listing of the Company.

On 19 November 2024, Mr. ZHENG Yunduan resigned as an independent non-executive director of the Company with immediate effect.

On 30 December 2024, Mr. LI Yifan was appointed as an independent non-executive director of the Company with effect from the date of listing of the Company.

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director of the Company as an inducement to join or upon joining the Group during the Relevant Periods.

## 9. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the years ended 31 December 2022, 2023 and 2024 were two, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three, two and two highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Salaries, allowances and benefits in kind  | 2,012  | 2,680  | 835  |
| Discretionary performance related bonuses  | 1,088  | 150  | 270  |
| Equity-settled share-based payment expense | 239  | 167  | 5,095  |
| Pension scheme contributions               | <u>71</u>                                    | <u>52</u>                                    | <u>82</u>                                    |
| Total                                      | <u>3,410</u>                                 | <u>3,049</u>                                 | <u>6,282</u>                                 |

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

|                                | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 |
|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Nil to HK\$1,000,000           | -                                 | -                                 | -                                 |
| HK\$1,000,001 to HK\$1,500,000 | 3                                 | -                                 | -                                 |
| HK\$1,500,001 to HK\$2,000,000 | -                                 | 2                                 | -                                 |
| HK\$2,000,001 to HK\$2,500,000 | -                                 | -                                 | -                                 |
| HK\$2,500,001 to HK\$3,000,000 | -                                 | -                                 | 1                                 |
| HK\$3,000,001 to HK\$3,500,000 | -                                 | -                                 | -                                 |
| HK\$3,500,001 to HK\$4,000,000 | -                                 | -                                 | -                                 |
| HK\$4,000,001 to HK\$4,500,000 | <u>-</u>                          | <u>-</u>                          | <u>1</u>                          |
| Total                          | <u>3</u>                          | <u>2</u>                          | <u>2</u>                          |

During and prior to the Relevant Periods, certain non-director and non-chief executive highest paid employees were granted share options and/or share awards of the Company in respect of their services to the Group, under the share-based incentive schemes of the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such share options and share awards, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

## 10. INCOME TAX

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

### *Cayman Islands*

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

### *Hong Kong*

The Hong Kong profits tax rate during the Relevant Periods was 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

### *Mainland China*

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the Relevant Periods, Beijing WFOE and Wuhan Yuanguang were entitled to a preferential tax rate of 15% because they were "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to effective preferential tax rates of 2.5%, 5%, and 5% for the years ended 31 December 2022, 2023 and 2024, respectively, because they were regarded as "small-scaled minimal profit enterprises" with taxable income no more than RMB1,000,000.

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Current tax charged for the year                       | -  | -  | -  |
| Deferred tax charged/(credited) for the year (note 27) | ( 1,323)                                     | 3,356  | 4,394  |
| Total tax charge/(credit) for the year                 | ( 1,323)                                     | 3,356  | 4,394  |

## 10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

|   | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|--|--|--|
| Profit/(loss) before tax  |  |  |  |
| Cayman Islands  | ( 30,157)                                    | ( 67,971)                                    | ( 63,005)                                    |
| Hong Kong   | ( 6)   | ( 99)  | ( 48)  |
| Mainland China  | <u>8,803</u>                                 | <u>51,098</u>                                | <u>41,309</u>                                |
| Total   | <u>( 21,360)</u>                             | <u>( 16,972)</u>                             | <u>( 21,744)</u>                             |
| Tax at the statutory tax rates  |  |  |  |
| Cayman Islands  | -  | -  | -  |
| Hong Kong   | -  | ( 16)  | ( 8)   |
| Mainland China  | <u>2,201</u>                                 | <u>12,775</u>                                | <u>10,327</u>                                |
| Total tax at the statutory tax rates                                  | 2,201  | 12,759                                       | 10,319                                       |
| Lower tax rates enacted by relevant authorities                       | ( 821)                                       | ( 5,091)                                     | ( 4,324)                                     |
| Expenses not deductible for tax                                       | 157  | 488  | 3,555  |
| Additional deductible allowance for research and development expenses | ( 2,863)                                     | ( 4,823)                                     | ( 5,131)                                     |
| Prior years' tax losses recognised                                    | -  | -  | ( 96)  |
| Tax losses not recognised   | <u>3</u>                                     | <u>23</u>                                    | <u>71</u>                                    |
| Tax charge/(credit) at the Group's effective rate                     | <u>( 1,323)</u>                              | <u>3,356</u>                                 | <u>4,394</u>                                 |

There was no share of tax attributable to associates included in "Share of losses of associates" in the consolidated statement of profit or loss during the Relevant Periods.

## 11. DIVIDENDS

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

## 12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to the ordinary equity holders of the Company, and the weighted average number of ordinary shares of 34,980,147, 35,078,703 and 57,873,299 outstanding during the years ended 31 December 2022, 2023 and 2024, respectively.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to the ordinary equity holders of the Company, adjusted to reflect the fair value changes of the Preferred Shares classified as financial liabilities at fair value through profit or loss, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, where applicable (see below).

The calculations of basic and diluted loss per share are based on:

|   | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|--|--|--|
| <u>Loss</u>   |  |  |  |
| Loss attributable to ordinary equity holders of the Company,<br>as used in the basic loss per share calculation   | ( 20,037)                                    | ( 20,328)                                    | ( 26,138)                                    |
| Adjustment for fair value losses on the Preferred Shares  | <u>29,455</u>                                | <u>55,545</u>                                | <u>42,968</u>                                |
| Profit attributable to ordinary equity holders of the Company<br>before fair value losses on the Preferred Shares | <u>9,418*</u>                                | <u>35,217*</u>                               | <u>16,830*</u>                               |
|   | Number of shares                             |  |  |
|   | Year ended<br>31 December<br>2022            | Year ended<br>31 December<br>2023            | Year ended<br>31 December<br>2024            |
| <u>Shares</u>   |  |  |  |
| Weighted average number of ordinary shares outstanding used<br>in the basic loss per share calculation            | 34,980,147                                   | 35,078,703                                   | 57,873,299                                   |
| Effect of dilution – weighted average number of ordinary shares   |  |  |  |
| Share options   | -*   | -*   | -*   |
| Preferred Shares  | <u>-*</u>                                    | <u>-*</u>                                    | <u>-*</u>                                    |
| Total   | <u>34,980,147</u>                            | <u>35,078,703</u>                            | <u>57,873,299</u>                            |

\* The share options and the Preferred Shares were ignored in the calculation of diluted loss per share amounts for the Relevant Periods because they had anti-dilutive effects on the basic loss per share amounts as evidenced by the potential decrease in diluted loss per share amounts when taking share options into account or the potential change to diluted earnings per share amounts when taking the Preferred Shares into account. Accordingly, the diluted loss per share amounts for the Relevant Periods are same as the basic loss per share amounts for the respective years.

### 13. PROPERTY AND EQUIPMENT

|   | Leasehold<br>improvements<br>RMB'000 | Furniture<br>and office<br>equipment<br>RMB'000 | Electronics<br>equipment<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------------------|---|-------------------------------------|------------------------------|------------------|
| <b>31 December 2022</b>   |                                      |   |                                     |                              |                  |
| At 1 January 2022:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 61  | 1,006                               | -                            | 2,631            |
| Accumulated depreciation<br>and impairment                                | ( 1,427)                             | ( 22)   | ( 549)                              | -                            | ( 1,998)         |
| Net carrying amount   | <u>137</u>                           | <u>39</u>                                       | <u>457</u>                          | <u>-</u>                     | <u>633</u>       |
| At 1 January 2022, net of<br>accumulated depreciation<br>and impairment   | 137                                  | 39  | 457                                 | -                            | 633              |
| Additions   | -                                    | -   | 45                                  | 1,226                        | 1,271            |
| Disposals/write-off   | -                                    | -   | ( 119)                              | -                            | ( 119)           |
| Depreciation provided<br>during the year                                  | ( 89)                                | ( 12)   | ( 162)                              | -                            | ( 263)           |
| At 31 December 2022, net of<br>accumulated depreciation<br>and impairment | <u>48</u>                            | <u>27</u>                                       | <u>221</u>                          | <u>1,226</u>                 | <u>1,522</u>     |
| At 31 December 2022:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 61  | 477                                 | 1,226                        | 3,328            |
| Accumulated depreciation<br>and impairment                                | ( 1,516)                             | ( 34)   | ( 256)                              | -                            | ( 1,806)         |
| Net carrying amount   | <u>48</u>                            | <u>27</u>                                       | <u>221</u>                          | <u>1,226</u>                 | <u>1,522</u>     |
| <b>31 December 2023</b>   |                                      |   |                                     |                              |                  |
| At 1 January 2023:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 61  | 477                                 | 1,226                        | 3,328            |
| Accumulated depreciation<br>and impairment                                | ( 1,516)                             | ( 34)   | ( 256)                              | -                            | ( 1,806)         |
| Net carrying amount   | <u>48</u>                            | <u>27</u>                                       | <u>221</u>                          | <u>1,226</u>                 | <u>1,522</u>     |
| At 1 January 2023, net of<br>accumulated depreciation<br>and impairment   | 48                                   | 27  | 221                                 | 1,226                        | 1,522            |
| Additions   | -                                    | 2   | 22                                  | 997                          | 1,021            |
| Depreciation provided<br>during the year                                  | ( 22)                                | ( 12)   | ( 82)                               | ( 311)                       | ( 427)           |
| At 31 December 2023, net of<br>accumulated depreciation<br>and impairment | <u>26</u>                            | <u>17</u>                                       | <u>161</u>                          | <u>1,912</u>                 | <u>2,116</u>     |
| At 31 December 2023:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 63  | 499                                 | 2,224                        | 4,350            |
| Accumulated depreciation<br>and impairment                                | ( 1,538)                             | ( 46)   | ( 339)                              | ( 311)                       | ( 2,234)         |
| Net carrying amount   | <u>26</u>                            | <u>17</u>                                       | <u>160</u>                          | <u>1,913</u>                 | <u>2,116</u>     |

### 13. PROPERTY AND EQUIPMENT (continued)

|   | Leasehold<br>improvements<br>RMB'000 | Furniture<br>and office<br>equipment<br>RMB'000 | Electronics<br>equipment<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------------------|---|-------------------------------------|------------------------------|------------------|
| <b>31 December 2024</b>   |                                      |   |                                     |                              |                  |
| At 1 January 2024:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 63  | 499                                 | 2,224                        | 4,350            |
| Accumulated depreciation<br>and impairment                                | ( 1,538)                             | ( 46)   | ( 339)                              | ( 311)                       | ( 2,234)         |
| Net carrying amount   | <u>26</u>                            | <u>17</u>                                       | <u>160</u>                          | <u>1,913</u>                 | <u>2,116</u>     |
| At 1 January 2024, net of<br>accumulated depreciation<br>and impairment   | 26                                   | 17  | 160                                 | 1,913                        | 2,116            |
| Additions   | -                                    | -   | 7                                   | -                            | 7                |
| Depreciation provided<br>during the year                                  | ( 22)                                | ( 11)   | ( 67)                               | ( 421)                       | ( 521)           |
| At 31 December 2024, net of<br>accumulated depreciation<br>and impairment | <u>4</u>                             | <u>6</u>  | <u>100</u>                          | <u>1,492</u>                 | <u>1,602</u>     |
| At 31 December 2024:  |                                      |   |                                     |                              |                  |
| Cost  | 1,564                                | 63  | 506                                 | 2,224                        | 4,357            |
| Accumulated depreciation<br>and impairment                                | ( 1,560)                             | ( 57)   | ( 406)                              | ( 732)                       | ( 2,755)         |
| Net carrying amount   | <u>4</u>                             | <u>6</u>  | <u>100</u>                          | <u>1,492</u>                 | <u>1,602</u>     |

### 14. LEASES

#### Group as a lessee

The Group has certain lease contracts for buildings for its office and dormitory uses. Leases of buildings generally have lease terms between one year to three years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

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

|                                      | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--------------------------------------|--|--|--|
| Carrying amount at beginning of year | 2,261  | 5,069  | 2,959  |
| Additions                            | 5,390  | 492  | 463  |
| Depreciation charges                 | ( 2,582)                                     | ( 2,437)                                     | ( 2,172)                                     |
| Revision of lease payments           | -  | ( 165)                                       | 321  |
| Carrying amount at end of year       | <u>5,069</u>                                 | <u>2,959</u>                                 | <u>1,571</u>                                 |

## 14. LEASES (continued)

### Group as a lessee (continued)

#### (b) Lease liabilities

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

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Carrying amount at beginning of year             | 1,651  | 4,947  | 2,789  |
| New leases                                       | 5,390  | 492  | 463  |
| Accretion of interest recognised during the year | 236  | 172  | 58   |
| Payments   | ( 2,031)                                     | ( 2,657)                                     | ( 2,237)                                     |
| COVID-19-related rent concessions from lessors   | ( 299)                                       | -  | -  |
| Revision of lease payments                       | -  | ( 165)                                       | 213  |
| Carrying amount at end of year                   | <u>4,947</u>                                 | <u>2,789</u>                                 | <u>1,286</u>                                 |
|  | 31 December<br>2022<br>RMB'000               | 31 December<br>2023<br>RMB'000               | 31 December<br>2024<br>RMB'000               |
| Analysed into:                                   |  |  |  |
| Current portion                                  |  |  |  |
| Repayable within one year                        | <u>2,660</u>                                 | <u>2,631</u>                                 | <u>1,178</u>                                 |
| Non-current portion                              |  |  |  |
| Repayable in the second year                     | <u>2,287</u>                                 | <u>158</u>                                   | <u>108</u>                                   |
| Total lease liabilities                          | <u>4,947</u>                                 | <u>2,789</u>                                 | <u>1,286</u>                                 |

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

The Group applied the practical expedient to all eligible COVID-19-related rent concessions granted by the lessors during the year ended 31 December 2022.

#### (c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

|   | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|--|--|--|
| Interest on lease liabilities   | 236  | 172  | 58   |
| Depreciation charge of right-of-use assets  | 2,582  | 2,437  | 2,172  |
| Expense relating to short-term leases included in selling, administrative and research and development expenses | 83   | 28   | 147  |
| COVID-19-related rent concessions from lessors  | ( 299)                                       | -  | -  |
| Total amount recognised in profit or loss   | <u>2,602</u>                                 | <u>2,637</u>                                 | <u>2,377</u>                                 |

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



## 15. OTHER INTANGIBLE ASSETS

### Software

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| At beginning of year  |                                |                                |                                |
| Cost  | 109                            | 171                            | 270                            |
| Accumulated amortisation and impairment                                 | ( 43)                          | ( 86)                          | ( 161)                         |
| Net carrying amount   | <u>66</u>                      | <u>85</u>                      | <u>109</u>                     |
| At beginning of year, net of accumulated<br>amortisation and impairment | 66                             | 85                             | 109                            |
| Additions   | 62                             | 99                             | 282                            |
| Amortisation provided during the year                                   | ( 43)                          | ( 75)                          | ( 63)                          |
| At end of year, net of accumulated<br>amortisation and impairment       | <u>85</u>                      | <u>109</u>                     | <u>328</u>                     |
| At end of year  |                                |                                |                                |
| Cost  | 171                            | 270                            | 443                            |
| Accumulated amortisation and impairment                                 | ( 86)                          | ( 161)                         | ( 115)                         |
| Net carrying amount   | <u>85</u>                      | <u>109</u>                     | <u>328</u>                     |

## 16. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

### Company

|                       | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|-----------------------|--------------------------------|--------------------------------|--------------------------------|
| Investments, at cost  | 15,696                         | 16,448                         | 35,751                         |
| Due from a subsidiary | <u>166,899</u>                 | <u>154,750</u>                 | <u>145,351</u>                 |
| Total                 | <u>182,595</u>                 | <u>171,198</u>                 | <u>181,102</u>                 |

The amount due from a subsidiary is unsecured and interest-free. In the opinion of the directors of the Company, the outstanding amount is unlikely to be repaid in the foreseeable future and is considered as part of the Company's net investment in that subsidiary.

Other than the aforementioned amount due from a subsidiary, the Company's other balances with subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the Company's subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information.

## 17. INVESTMENTS IN ASSOCIATES

|                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------|--------------------------------|--------------------------------|--------------------------------|
| Share of net assets | -                              | -                              | -                              |

Particulars of the Group's associates are as follows:

| Name   | Particulars<br>of equity<br>interest held | Percentage of ownership interest<br>attributable to the Group |                     |                     | Principal<br>activities                        |
|--|---|---|---------------------|---------------------|--|
|  |   | 31 December<br>2022   | 31 December<br>2023 | 31 December<br>2024 |  |
| Hefei Xunboche Technology Co., Ltd. * ("Hefei Xunboche")<br>(合肥迅泊车科技有限公司)    | Capital of RMB300,000                     | 30%   | 30%                 | 30%                 | Provision of smart parking technology services |
| Beijing Yuanfeng Technology Co., Ltd. * ("Beijing Yuanfeng")<br>(北京元封科技有限公司) | Capital of RMB1,080,000                   | -   | 36%                 | 36%                 | Provision of mobile marketplace services       |

\* The English names represent the best efforts made by the management of the Company to translate the Chinese name.

The Group's equity interests in the associates are indirectly held through a wholly-owned subsidiary of the Company.

The Group's other receivables and loans receivable balances with Beijing Yuanfeng are disclosed in note 19 to the Historical Financial Information.

The amounts of the Group's unrecognised share of losses of associates during the Relevant Periods are summarised below:

|                  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|------------------|--|--|--|
| Hefei Xunboche   | 446  | 105  | 53   |
| Beijing Yuanfeng | -  | 985  | 270  |

The amounts of the Group's unrecognised share of losses of associates cumulatively at the end of each of the Relevant Periods are summarised below:

|                  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|------------------|--------------------------------|--------------------------------|--------------------------------|
| Hefei Xunboche   | 446                            | 551                            | 604                            |
| Beijing Yuanfeng | -                              | 985                            | 1,255                          |

## 17. INVESTMENTS IN ASSOCIATES (continued)

All of the Group's associates are not considered individually material during the Relevant Periods and at the end of each of the Relevant Periods. The following tables illustrates their aggregate financial information:

|   | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|---|--|--|--|
| Share of the associates':   |  |  |  |
| loss for the year   | 300  | -  | -  |
| other comprehensive income  | -  | -  | -  |
| total comprehensive loss  | <u>300</u>                                   | <u>-</u>                                     | <u>-</u>                                     |
|   | 31 December<br>2022<br>RMB'000               | 31 December<br>2023<br>RMB'000               | 31 December<br>2024<br>RMB'000               |
| Aggregate carrying amount of the Group's<br>investments in associates | <u>-</u>                                     | <u>-</u>                                     | <u>-</u>                                     |

## 18. ACCOUNTS RECEIVABLE

|                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------|--------------------------------|--------------------------------|--------------------------------|
| Accounts receivable | 36,158                         | 47,186                         | 35,487                         |
| Impairment          | ( 462)                         | ( 462)                         | ( 1,828)                       |
| Net carrying amount | <u>35,696</u>                  | <u>46,724</u>                  | <u>33,659</u>                  |

The Group's trading terms with its customers are mainly on credit, except for customers placed advertisements on *Chelaile's* official account in WeChat, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Accounts receivable are settled in accordance with the terms of the respective contracts. Notwithstanding that the Group has concentration of credit risk as further detailed in note 35 to the Historical Financial Information, the directors of the Company are of the view that there has been no significant increase in credit risk of default because the amounts are from customers which are related companies and/or with good repayment history. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

The Group's accounts receivable included amounts due from entities controlled by the Company's shareholding companies with significant influence over the Company and the Group's associates, which are repayable on the terms mutually agreed by the parties involved, further details of which are included in note 32 to the Historical Financial Information.

## 18. ACCOUNTS RECEIVABLE (continued)

An ageing analysis of the accounts receivable as at the end of each of the Relevant Periods, based on the date of services rendered and net of loss allowance, is as follows:

|                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------|--------------------------------|--------------------------------|--------------------------------|
| Within 6 months     | 35,694                         | 33,964                         | 33,357                         |
| 7th to 12th months  | -                              | 12,760                         | 302                            |
| 13th to 24th months | <u>2</u>                       | <u>-</u>                       | <u>-</u>                       |
| Total               | <u>35,696</u>                  | <u>46,724</u>                  | <u>33,659</u>                  |

The movements in the loss allowance for impairment of accounts receivable are as follows:

|                                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| At beginning of year                | -                              | 462                            | 462                            |
| Impairment loss (note 6)            | 462                            | -                              | 1,881                          |
| Amount written off as uncollectible | <u>-</u>                       | <u>-</u>                       | <u>( 515)</u>                  |
| At end of year                      | <u>462</u>                     | <u>462</u>                     | <u>1,828</u>                   |

The increase in the loss allowance during the year ended 31 December 2022 was mainly due to an increase in the gross amount of accounts receivable of a specific customer of which approximately RMB462,000 were aged over one year. The Group has initiated legal actions against that specific customer in recovering the outstanding receivable balance in 2023 and filed a court case to freeze that specific customer's assets in 2024. There was no change in the loss allowance during the year ended 31 December 2023. The increase in the loss allowance during the year ended 31 December 2024 was mainly due to an increase in the gross amount of accounts receivable aged over one year.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than two years and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

## 18. ACCOUNTS RECEIVABLE (continued)

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 31 December 2022

|                                  | Ageing          |                    |                     |                | Total      |
|----------------------------------|-----------------|--------------------|---------------------|----------------|------------|
|                                  | Within 6 months | 7th to 12th months | 13th to 24th months | Over 24 months |            |
| Individually assessed:           |                 |                    |                     |                |            |
| Expected credit loss rate        | -               | -                  | 100.00%             | -              | 100.00%    |
| Gross carrying amount (RMB'000)  | -               | -                  | 462                 | -              | 462        |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>462</u>          | <u>-</u>       | <u>462</u> |
| Collectively assessed:           |                 |                    |                     |                |            |
| Expected credit loss rate        | 0.00%           | -                  | 0.00%               | -              | 0.00%      |
| Gross carrying amount (RMB'000)  | 35,694          | -                  | 2                   | -              | 35,696     |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>-</u>            | <u>-</u>       | <u>-</u>   |
| Total:                           |                 |                    |                     |                |            |
| Gross carrying amount (RMB'000)  | 35,694          | -                  | 464                 | -              | 36,158     |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>462</u>          | <u>-</u>       | <u>462</u> |

As at 31 December 2023

|                                  | Ageing          |                    |                     |                | Total      |
|----------------------------------|-----------------|--------------------|---------------------|----------------|------------|
|                                  | Within 6 months | 7th to 12th months | 13th to 24th months | Over 24 months |            |
| Individually assessed:           |                 |                    |                     |                |            |
| Expected credit loss rate        | -               | -                  | -                   | 100.00%        | 100.00%    |
| Gross carrying amount (RMB'000)  | -               | -                  | -                   | 462            | 462        |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>-</u>            | <u>462</u>     | <u>462</u> |
| Collectively assessed:           |                 |                    |                     |                |            |
| Expected credit loss rate        | 0.00%           | 0.00%              | -                   | -              | 0.00%      |
| Gross carrying amount (RMB'000)  | 33,964          | 12,760             | -                   | -              | 46,724     |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>-</u>            | <u>-</u>       | <u>-</u>   |
| Total:                           |                 |                    |                     |                |            |
| Gross carrying amount (RMB'000)  | 33,964          | 12,760             | -                   | 462            | 47,186     |
| Expected credit losses (RMB'000) | <u>-</u>        | <u>-</u>           | <u>-</u>            | <u>462</u>     | <u>462</u> |

As at 31 December 2024

|                                  | Ageing          |                    |                     |                | Total        |
|----------------------------------|-----------------|--------------------|---------------------|----------------|--------------|
|                                  | Within 6 months | 7th to 12th months | 13th to 24th months | Over 24 months |              |
| Individually assessed:           |                 |                    |                     |                |              |
| Expected credit loss rate        | 100.00%         | 100.00%            | 100.00%             | 100.00%        | 100.00%      |
| Gross carrying amount (RMB'000)  | 100             | 100                | 605                 | 462            | 1,267        |
| Expected credit losses (RMB'000) | <u>100</u>      | <u>100</u>         | <u>605</u>          | <u>462</u>     | <u>1,267</u> |
| Collectively assessed:           |                 |                    |                     |                |              |
| Expected credit loss rate        | 1.16%           | 8.21%              | 100.00%             | -              | 1.64%        |
| Gross carrying amount (RMB'000)  | 33,749          | 329                | 142                 | -              | 34,220       |
| Expected credit losses (RMB'000) | <u>390</u>      | <u>27</u>          | <u>142</u>          | <u>-</u>       | <u>561</u>   |
| Total:                           |                 |                    |                     |                |              |
| Gross carrying amount (RMB'000)  | 33,849          | 429                | 747                 | 462            | 35,487       |
| Expected credit losses (RMB'000) | <u>492</u>      | <u>127</u>         | <u>747</u>          | <u>462</u>     | <u>1,828</u> |

## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

### Group

|                        | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|------------------------|--------------------------------|--------------------------------|--------------------------------|
| Current:               |                                |                                |                                |
| Prepayments            | 9,868                          | 13,734                         | 21,324                         |
| Prepaid other tax      | -                              | 269                            | 315                            |
| Deposits               | 294                            | 612                            | 806                            |
| Interest receivable    | 380                            | 449                            | 585                            |
| Other loans receivable | 18,600                         | 21,290                         | 19,620                         |
| Other receivables      | <u>4,507</u>                   | <u>3,533</u>                   | <u>3,969</u>                   |
| Subtotal - current     | 33,649                         | 39,887                         | 46,619                         |
| Impairment             | ( 23,301)                      | ( 20,711)                      | ( 23,200)                      |
| Total - current        | <u>10,348</u>                  | <u>19,176</u>                  | <u>23,419</u>                  |
| Non-current:           |                                |                                |                                |
| Prepayments            | 60                             | -                              | -                              |
| Deposits               | 620                            | 316                            | 163                            |
| Other loans receivable | <u>340</u>                     | <u>-</u>                       | <u>-</u>                       |
| Total - non-current    | <u>1,020</u>                   | <u>316</u>                     | <u>163</u>                     |
| Total                  | <u>11,368</u>                  | <u>19,492</u>                  | <u>23,582</u>                  |

Other loans receivable comprised:

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Beijing Yuanfeng                                | 15,000                         | 13,920                         | 13,920                         |
| Beijing Jianwu Zhongyuan Technology Co., Ltd. * |                                |                                |                                |
| ("Beijing Jianwu") (北京建武中元科技有限公司)               | 3,480                          | 2,970                          | 2,800                          |
| Shenzhen City Whale Dynamic Co., Ltd. *         |                                |                                |                                |
| ("Whale Dynamic") (深圳市惠尔智能有限公司)                 | -                              | 3,000                          | 2,900                          |
| Beijing Luokai Cloud Technology Co., Ltd. *     |                                |                                |                                |
| ("Luokai Cloud") (北京洛凯云享科技有限公司)                 | -                              | 1,010                          | -                              |
| Staff advances                                  | <u>-</u>                       | <u>390</u>                     | <u>-</u>                       |
|   | <u>18,940</u>                  | <u>21,290</u>                  | <u>19,620</u>                  |

\* The English names represent the best efforts made by the management of the Company to translate the Chinese name.

## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

On 1 June 2021, Wuhan Yuanguang and Beijing Yuanfeng entered into a loan facility agreement pursuant to which Wuhan Yuanguang agreed to make available a maximum aggregate loan amounting to RMB20,000,000 to Beijing Yuanfeng during the period between 1 June 2021 and 31 May 2023, and the individual loan amounts and repayment dates are stipulated in the respective loan notes when loans are made. The loans were unsecured and interest-bearing at an annual rate of 2%. Full impairment provision was made against the loans and interests amounting to RMB15,000,000 and RMB258,000, respectively, which were considered uncollectible at the end of 2022. On 6 January 2023, a portion of the loans amounting to RMB1,080,000 were capitalised to 36% equity interest of Beijing Yuanfeng which has since become a 36%-owned associate of the Group. Between January and February 2023, Wuhan Yuanguang made loan advances with an aggregate amount of RMB6,800,000 to Beijing Yuanfeng and the amount was fully repaid in 2023.

On 1 February 2021, Wuhan Yuanguang and Beijing Jianwu entered into a loan facility agreement pursuant to which Wuhan Yuanguang agreed to make available a maximum aggregate loan amounting to RMB7,000,000 to Beijing Jianwu during the period between 1 February 2021 and 31 January 2023, and the individual loan amounts and repayment dates are stipulated in the respective loan notes when loans are made. The loans were unsecured and interest-bearing at an annual rate of 2%. Full impairment provision was made against the loans and interests amounting to RMB3,480,000 and RMB122,000, respectively, which were considered uncollectible at the end of 2022. In December 2023 and December 2024, Beijing Jianwu made partial repayments of RMB510,000 and RMB170,000, respectively, to the Group.

On 15 March 2023, Wuhan Yuanguang, Whale Dynamic and Mr. Chang Yufei (the ultimate owner of Whale Dynamic) entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide a loan of RMB3,000,000 to Whale Dynamic. The loan was interest-bearing at an annual rate of 3% and repayable within one year and was guaranteed by Mr. Chang Yufei. The loan repayment date was extended to 31 December 2024 according to a loan extension agreement entered into between Wuhan Yuanguang, Whale Dynamic and Mr. Chang Yufei on 15 March 2024. In December 2024 and March 2025, Whale Dynamic made two partial repayments of RMB100,000 and RMB409,000, respectively, to the Group. The aggregate loan and interest balance at 31 December 2024 amounted to RMB3,059,000, of which RMB2,659,000 were considered uncollectible.

On 30 August 2023, Wuhan Yuanguang and Luokai Cloud entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide to Luokai Cloud a loan of RMB1,800,000, which was unsecured and interest-bearing at an annual rate of 6%. The entire loan and interest amount has been fully repaid in nine equal monthly installments between September 2023 and May 2024.

The staff advances were unsecured, interest-free and repayable in accordance with the terms stipulated in the respective loan agreement.

Other receivables comprised:

|                  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|------------------|--------------------------------|--------------------------------|--------------------------------|
| Beijing Yuanfeng | <u>4,386</u>                   | <u>3,386</u>                   | <u>3,386</u>                   |

The other receivables from Beijing Yuanfeng were attributable to the payments made by the Group on behalf of Beijing Yuanfeng. Full impairment provision was made against the outstanding amount amounting to RMB4,386,000 which was considered uncollectible at the end of 2022. There was a repayment of RMB1,000,000 in December 2023.

## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group's movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| At beginning of year  | 55                             | 23,301                         | 20,711                         |
| Impairment loss/(reversal of impairment loss), net (note 6)                 | 23,246                         | ( 1,510)                       | 2,489                          |
| Amount written off as loans capitalised<br>to an investment in an associate | -                              | ( 1,080)                       | -                              |
| At end of year  | <u>23,301</u>                  | <u>20,711</u>                  | <u>23,200</u>                  |

The increase in the loss allowance for the year ended 31 December 2022 was due to the increase in the specific impairment provision made against the loans receivable from Beijing Yuanfeng and Beijing Jianwu, as well as other receivables from Beijing Yuanfeng. The decrease in the loss allowance for the year ended 31 December 2023 was due to the partial settlement of impaired loans receivable from Beijing Jianwu and other receivables from Beijing Yuanfeng, as well as capitalisation of a portion of loans receivable from Beijing Yuanfeng. The increase in the loss allowance for the year ended 31 December 2024 was due to the net effect of the partial settlement of impaired loans receivable from Beijing Jianwu and partial impairment made against the loan receivable of Whale Dynamics.

### Company

|                   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|-------------------|--------------------------------|--------------------------------|--------------------------------|
| Prepayments       | -                              | 1,939                          | 4,665                          |
| Other receivables | <u>26</u>                      | <u>19</u>                      | <u>54</u>                      |
| Total             | <u>26</u>                      | <u>1,958</u>                   | <u>4,719</u>                   |



## 20. FINANCIAL INVESTMENTS

### Group

|  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Non-current:   |                                |                                |                                |
| <i>Financial assets at fair value through profit or loss</i>                         |                                |                                |                                |
| Unlisted equity investments  | 2,998                          | 3,496                          | 5,282                          |
| Unlisted convertible debt investment   | <u>-</u>                       | <u>-</u>                       | <u>1,000</u>                   |
| Subtotal   | <u>2,988</u>                   | <u>3,496</u>                   | <u>6,282</u>                   |
| <i>Equity investment designated at fair value through other comprehensive income</i> |                                |                                |                                |
| Listed equity investment   | <u>-</u>                       | <u>-</u>                       | <u>8,960</u>                   |
| Total non-current financial investments  | <u>2,988</u>                   | <u>3,496</u>                   | <u>15,242</u>                  |
| Current:   |                                |                                |                                |
| <i>Financial assets at fair value through profit or loss</i>                         |                                |                                |                                |
| Structured deposits  | 50,158                         | 40,092                         | 43,079                         |
| Funds  | <u>3,386</u>                   | <u>-</u>                       | <u>-</u>                       |
| Total current financial investments  | <u>53,544</u>                  | <u>40,092</u>                  | <u>43,079</u>                  |

The Group's unlisted equity investments comprised (i) a 30% ownership interest in a limited partnership as at 31 December 2022, 2023 and 2024; and (ii) a 20% equity interest in Beijing Jianwu as at 31 December 2022 and 2023 which has been reduced to 18% since January 2024. Both investee entities were registered in the PRC and the investments were held by a wholly-owned subsidiary of the Group. They were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

In respect of the Group's investment in the limited partnership, the Group's subsidiary is a limited partner in the limited partnership and is entitled to a profit sharing ratio of 37.5%. The sole purpose of establishing the limited partnership is originally to invest in a 4.50% equity interest of a specific unlisted company established in the PRC and the investment disposal decision is to be made at the sole discretion of the investment committee controlled by the general partner. The limited partnership's equity interest in that unlisted company has since been diluted to 3.80%, 3.40% and 2.88% at 31 December 2022, 2023 and 2024, respectively. The Group has neither control/joint control nor significant influence over the limited partnership which is therefore classified as a financial asset at fair value through profit or loss.

In respect of the Group's equity interest in Beijing Jianwu, its entire remaining equity interest is held by a single controlling shareholder who is also the sole director of the investee entity; and accordingly the Group considered that it has no significant influence over Beijing Jianwu which is therefore classified as a financial asset at fair value through profit or loss.

The Group's unlisted convertible debt investment was a compound financial instrument, i.e., a loan with a conversion feature. The principal amount of the loan is RMB1,000,000, which is interest-bearing at 6% per annum and repayable at the second anniversary of the loan drawdown date. The investee entity was registered in the PRC and the investment was held by a wholly-owned subsidiary of the Group. The conversion feature of the debt investment allows its holder to convert the entire loan principal and interest amount, in whole or in part, into 5.0% equity interest of the investee entity during the loan period.

The Group's listed equity investment designated at fair value through other comprehensive income was 150,000 ordinary shares (representing less than 0.1% equity interest) of BingEx Limited, an on-demand dedicated courier service provider operating in Mainland China and whose shares were listed on the National Association of Securities Dealers Automated Quotations, i.e., NASDAQ, on 4 October 2024. It was irrevocably designated at fair value through other comprehensive income as the Group considers such investment to be strategic in nature. The market value of the Group's listed equity investment at the latest practicable date of the Prospectus, i.e., 26 May 2025, was RMB2,521,000.

## 20. FINANCIAL INVESTMENTS (continued)

The Group's structured deposits were issued by commercial banks operating in Mainland China. The Group's funds were money market funds purchased via a commercial bank in the United States of America. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

### Company

|  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Non-current:   |                                |                                |                                |
| <i>Equity investment designated at fair value through other comprehensive income</i> |                                |                                |                                |
| Listed equity investment   | <u>-</u>                       | <u>-</u>                       | <u>8,960</u>                   |
| Current:   |                                |                                |                                |
| <i>Financial assets at fair value through profit or loss</i>                         |                                |                                |                                |
| Funds  | <u>3,386</u>                   | <u>-</u>                       | <u>-</u>                       |

## 21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

### Group

|                           | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|
| Current:                  |                                |                                |                                |
| Cash and bank balances    | 48,354                         | 49,811                         | 56,306                         |
| Short-term deposits       | <u>-</u>                       | <u>5,700</u>                   | <u>-</u>                       |
| Cash and cash equivalents | <u>48,354</u>                  | <u>55,511</u>                  | <u>56,306</u>                  |
| Non-current:              |                                |                                |                                |
| Time deposits             | <u>-</u>                       | <u>30,000</u>                  | <u>30,000</u>                  |

At the end of each of the Relevant Periods, the Group's cash and bank balances, short-term deposits and time deposits denominated in RMB amounted to RMB47,968,000, RMB74,914,000 and RMB68,028,000 as at 31 December 2022, 2023 and 2024, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are placed for periods of five years and short-term deposits are available for withdrawals with seven-day notices in advance, depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates and short-term deposit rates. The bank balances, time deposits and short-term deposits are deposited with creditworthy banks with no recent history of default.

### Company

|                        | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|------------------------|--------------------------------|--------------------------------|--------------------------------|
| Cash and bank balances | <u>212</u>                     | <u>614</u>                     | <u>10,359</u>                  |

## 22. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of each of the Relevant Periods, based on the date of service received, is as follows:

|                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------|--------------------------------|--------------------------------|--------------------------------|
| Within 3 months     | 3,337                          | 2,670                          | 6,118                          |
| 4th to 12th months  | 1,774                          | 1,046                          | 870                            |
| 13th to 24th months | 311                            | 517                            | 528                            |
| Over 24 months      | -                              | -                              | 348                            |
| Total               | <u>5,422</u>                   | <u>4,233</u>                   | <u>7,864</u>                   |

The accounts payable are non-interest-bearing and are normally settled within 90 days.

## 23. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

|                             | 1 January<br>2022<br>RMB'000 | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|-----------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Mobile advertising services | 389                          | 69                             | 327                            | 197                            |
| Data technology services    | <u>3,430</u>                 | <u>396</u>                     | <u>805</u>                     | <u>242</u>                     |
| Total                       | <u>3,819</u>                 | <u>465</u>                     | <u>1,132</u>                   | <u>439</u>                     |

The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received from customers in relation to data technology services at the end of the respective year.

## 24. OTHER PAYABLES AND ACCRUALS

### Group

|   | Note | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|------|--------------------------------|--------------------------------|--------------------------------|
| Payroll and welfare payables                      |      | 9,688                          | 15,151                         | 13,177                         |
| Other tax payables                                |      | 964                            | 1,632                          | 1,495                          |
| Interest payable on bank borrowings               |      | -                              | 52                             | -                              |
| Interest payable on other borrowings              |      | 2,435                          | -                              | -                              |
| Preferred shares repurchase consideration payable | 26   | -                              | 12,000                         | -                              |
| Other payables                                    |      | <u>1,962</u>                   | <u>9,635</u>                   | <u>16,808</u>                  |
| Total   |      | <u>15,049</u>                  | <u>38,470</u>                  | <u>31,480</u>                  |

Other payables are non-interest-bearing and have an average term within one year. Preferred shares repurchase consideration payable was fully settled during the year ended 31 December 2024.

### Company

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Payroll and welfare payables                      | -                              | 2,000                          | 1,097                          |
| Interest payable on other borrowings              | 2,435                          | -                              | -                              |
| Preferred shares repurchase consideration payable | -                              | 12,000                         | -                              |
| Other payables                                    | <u>3</u>                       | <u>6,006</u>                   | <u>11,900</u>                  |
| Total   | <u>2,438</u>                   | <u>20,006</u>                  | <u>12,997</u>                  |

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

### Group

|                            | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Bank borrowings, unsecured | 15,000                         | 30,000                         | -                              |
| Bank borrowings, secured   | <u>9,000</u>                   | <u>10,000</u>                  | <u>30,000</u>                  |
| Subtotal – bank borrowings | 24,000                         | 40,000                         | 30,000                         |
| Other borrowing, unsecured | <u>6,965</u>                   | <u>-</u>                       | <u>-</u>                       |
| Total                      | <u>30,965</u>                  | <u>40,000</u>                  | <u>30,000</u>                  |

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group's interest-bearing bank borrowings are denominated in RMB and due to mature within one year from their respective end of the Relevant Periods. The Group's other borrowing is an unsecured United States dollar-denominated loan due to one of the shareholding companies of the Company with significant influence over the Company, and has been fully repaid in June 2023.

All of the Group's interest-bearing bank and other borrowings at the end of each of the Relevant Periods are charged interests with fixed rates, and accordingly the Group's interest-bearing bank and other borrowings had no interest rate risk exposure. The effective interest rates of the Group's interest-bearing bank and other borrowings at the end of each of the Relevant Periods are as follows:

|                            | 31 December<br>2022<br>% | 31 December<br>2023<br>% | 31 December<br>2024<br>% |
|----------------------------|--------------------------|--------------------------|--------------------------|
| Bank borrowings, unsecured | 3.90 – 4.35              | 2.35 – 3.45              | -                        |
| Bank borrowings, secured   | 3.50 – 3.70              | 4.00                     | 2.80 – 3.00              |
| Other borrowing, unsecured | <u>10</u>                | <u>-</u>                 | <u>-</u>                 |

The carrying amounts of the Group's assets at the end of each of the Relevant Periods which are securities in relation to certain of the Group's bank borrowings are as follows:

|  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Accounts receivable (floating charges) | 15,000*                        | -                              | -                              |
| Patents                                | <u>-</u>                       | <u>-**</u>                     | <u>-**</u>                     |
| Total                                  | <u>15,000</u>                  | <u>-</u>                       | <u>-</u>                       |

\* Included in the balance was a counter security of RMB10,000,000 provided to a third party guarantee company which was a guarantor of certain of the Group's bank borrowings as at 31 December 2022.

\*\* The securities of the Group's bank borrowings as at 31 December 2023 and 2024 were certain self-developed intellectual property rights of which the corresponding costs have been charged to profit or loss as incurred.

In addition, the maximum amounts of guarantees at the end of the Relevant Periods provided by the major shareholder of one of the then Company's shareholding companies with significant influences over the Company (which is a founder of the Group) in relation to certain of the Group's bank borrowings are as follows:

|                     | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---------------------|--------------------------------|--------------------------------|--------------------------------|
| Personal guarantees | <u>30,000<sup>#</sup></u>      | <u>10,000</u>                  | <u>-</u>                       |

<sup>#</sup> Included in the balance was a counter guarantee of RMB10,000,000 provided to a third party guarantee company which was a guarantor of certain of the Group's bank borrowings as at 31 December 2022.

Company

|                            | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Other borrowing, unsecured | <u>6,965</u>                   | <u>-</u>                       | <u>-</u>                       |

## 26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Preferred Shares are classified as financial liabilities at fair value through profit or loss. The following table summarises the Preferred Shares in issue by series during the Relevant Periods and as at the end of the Relevant Periods, after taking into consideration of the issuances of Preferred Shares by the Company prior to the Relevant Periods as the result of the certain share transactions entered into between the then shareholders/shareholding companies of the Company, as well as in exchange for the indirect control of Wuhan Yuanguang as part of the reorganisation to mirror the shareholding structure of Wuhan Yuanguang to the Company which was completed in 2015, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus:

| Name of preferred shares   | Date of issuance | Number of preferred shares           |                               |  |                               |                                |
|----------------------------|------------------|--------------------------------------|-------------------------------|--|-------------------------------|--------------------------------|
|                            |                  | at beginning of the Relevant Periods | issued/(re-purchased) in 2023 | at 31 December 2023 and 1 January 2024 | issued/(re-purchased) in 2024 | at end of the Relevant Periods |
| Series Seed A <sup>#</sup> | 20 October 2015  | 265,644                              | -                             | 265,644                                | -                             | 265,644                        |
| Series Seed B <sup>#</sup> | 20 October 2015  | 2,152,352                            | -                             | 2,152,352                              | -                             | 2,152,352                      |
| Series A                   | 20 October 2015  | 12,804,656                           | ( 7,737,758)                  | 5,066,898                              | -                             | 5,066,898                      |
| Series A-1                 | 20 October 2015  | 5,466,404                            | -                             | 5,466,404                              | -                             | 5,466,404                      |
| Series B                   | 20 October 2015  | 15,184,519                           | -                             | 15,184,519                             | -                             | 15,184,519                     |
| Series B1-1 <sup>^</sup>   | 29 January 2016  | 10,901,482                           | -                             | 10,901,482                             | -                             | 10,901,482                     |
| Series B1-2 <sup>^</sup>   | 29 January 2016  | 2,217,811                            | -                             | 2,217,811                              | -                             | 2,217,811                      |
| Series B1-3 <sup>^</sup>   | 29 January 2016  | 3,702,882                            | -                             | 3,702,882                              | -                             | 3,702,882                      |
| Series B1-4                | 29 January 2016  | 18,337,529                           | ( 1,967,041)                  | 16,370,488                             | -                             | 16,370,488                     |
|                            | 24 January 2017  | 2,362,036                            | -                             | 2,362,036                              | ( 708,611)                    | 1,653,425                      |
| Series B1-5                | 17 June 2019     | 863,886                              | -                             | 863,886                                | -                             | 863,886                        |
| Series C                   | 23 January 2024  | -                                    | -                             | -                                      | 1,601,448                     | 1,601,448                      |
| Total                      |                  | <u>74,259,201</u>                    | <u>( 9,704,799)</u>           | <u>64,554,402</u>                      | <u>892,837</u>                | <u>65,447,239</u>              |

<sup>#</sup> Series Seed A preferred shares and Series Seed B preferred shares are collectively referred to as “Series Seed preferred shares”.

<sup>^</sup> Series B1-1 preferred shares, Series B1-2 preferred shares and Series B1-3 preferred shares are collectively referred to as “Junior B1 shares”.

For the year ended 31 December 2023, the Company and two preferred shareholders entered into share repurchase agreements pursuant to which the Company agreed to repurchase from the preferred shareholders 7,737,758 Series A preferred shares and 1,967,041 Series B1-4 preferred shares at USD774 (equivalent to RMB5,000) and RMB12,000,000, respectively, in December 2023, the carrying amounts of which are RMB31,564,000 and RMB17,638,000, respectively. In addition, there is a return of capital of Wuhan Yuanguang amounting to RMB15,000,000 to a registered owner of Wuhan Yuanguang which is a group company of one of the aforementioned preferred shareholders of the Company. The amount of RMB22,197,000, being the aggregate difference between the consideration amounts, including the share repurchase and capital return, and the carrying amounts of the preferred shares repurchased, is accounted for and recognised in capital reserve as this arrangement is deemed to be a capital transaction between the two preferred shareholders and the Company. According to the written resolutions of the shareholders of the Company in December 2023, same number of ordinary shares, i.e., 7,737,758 and 1,967,041, are additionally reserved for future issuance under the Company's share-based incentive schemes.

For the year ended 31 December 2024, the Company and two shareholders entered into share repurchase agreements pursuant to which the Company agreed to repurchase from the shareholders in aggregate 708,611 Series B1-4 preferred shares and 892,837 ordinary shares at USD71 and USD89 (equivalent to an aggregate consideration of RMB1,000), respectively, in January 2024, the carrying amounts of which are RMB6,098,000 and RMB1,000, respectively. In addition, there is a return of capital of Wuhan Yuanguang amounting to RMB17,000,000 to two registered owners of Wuhan Yuanguang which are group companies of the two aforementioned shareholders of the Company. The amount of RMB10,818,000 being the difference between the consideration amounts, including the share repurchase and capital return, and the carrying amounts of the preferred shares and ordinary shares repurchased (including the corresponding foreign exchange adjustments), is accounted for and recognised in capital reserve. As part of the arrangement, the Company also issued in aggregate 1,601,448 Series C preferred shares to two investors with an aggregate consideration of USD2,603,794 (equivalent to RMB18,518,000), and the two shareholders transferred to the two investors an aggregate 1,653,425 Series B1-4 preferred shares at an aggregate consideration of USD165 (equivalent to RMB1,000).

## 26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

According to the Company's investors' rights agreement and Memorandum and Articles of Association effective during the Relevant Periods, the key features of the Preferred Shares, namely dividend rights, liquidation rights, conversion rights, voting rights and redemption rights, are summarised as follows:

### Dividend rights

Before a qualified initial public offering of ordinary shares of the Company ("Qualified IPO", being the closing of a firm commitment underwritten public offering of the ordinary shares of the Company in the United States or in a public offering of the ordinary shares of the Company in another jurisdiction which results in the ordinary shares of the Company trading publicly on a recognised international securities exchange approved by the holders of at least 50% of the voting power of the then outstanding preferred shares (calculated on as-converted basis)), except for a liquidation distribution, no dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to the ordinary shares of the Company at any time unless a dividend or distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each outstanding preferred shares of the Company such that the dividend or distribution declared, paid, set aside or made to the holder thereof shall be equal to the dividend or distribution that such holder would have received if such preferred shares had been converted into ordinary shares. Except as provided above, the Company shall make dividend or distribution to all shareholders of the Company pro rata according to the relative number of ordinary shares held by such shareholder (including preferred shares on an as if converted basis).

When and if dividend or other distribution is declared, each holder of preferred shares shall be entitled to receive from the Company, out of funds legally available therefor, non-cumulative dividends per preferred share in the following preference and ranking: holder of Series C preferred shares, holder of Series B1-5 preferred shares and Series B1-4 preferred shares, Series B preferred shares, Series A-1 preferred shares, Series A preferred shares, Junior B1 shares, Series Seed preferred shares, ordinary shares, and any other series or class of shares of the Company.

### Liquidation rights

In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company or any proceeds therefrom distributable with respect to any of the shares of the Company legally available for distribution to the shareholders (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the shareholders of the Company as follows: liquidation price (being base price plus 10% compound interest on such base price) of Series C preferred shares, Series B1-4 preferred shares and Series B1-5 preferred shares, liquidation price of Series B preferred shares, liquidation price of Series A-1 preferred shares, base price of Series A preferred shares, base price of Junior B1 shares, difference between liquidation price and base price of Series A preferred shares, difference between liquidation price and base price of Junior B shares, and liquidation price of Series Seed preferred shares. If there are any assets or funds remaining after the payment of liquidation price of Series Seed preferred shares, the remaining assets and funds of the Company available for distribution shall be distributed ratably among all shareholders according to the relative number of shares held by such shareholder (on a fully diluted and as-converted basis).

The liquidations rights shall terminate on the consummation of a Qualified IPO according to the Fifth Amended and Restated Memorandum and Articles of Association of the Company adopted by a special resolution passed on 23 January 2024 (the "2024 M&A").

### Conversion rights

Each preferred share shall be convertible, at the option of the holder thereof or upon the conversion of a majority of the outstanding preferred shares, at any time after the issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the base price by the then effective conversion price. The conversion price shall as of the issue date initially be the base price, resulting in an initial conversion ratio for the preferred shares of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time as hereinafter provided, being no less than par.

Under an optional conversion arrangement of preferred shares, subject to the Companies Law of the Cayman Islands and the Memorandum and Articles of Association of the Company, any preferred share may, at the sole discretion of the holder thereof, be converted at any time after the issue date, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares based on the then effective conversion price. Under an automatic conversion arrangement of preferred shares, each preferred share shall automatically be converted, based on the then effective conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of a Qualified IPO, or (ii) the date specified by written consent or agreement of the holders of at least 50% of Series A preferred shares, Series B preferred shares, Series B1-1 preferred shares, Series B1-2 preferred shares, Series B1-3 preferred shares and Series B1-4 preferred shares.



## 26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

### Conversion rights (continued)

The conversion price shall be adjusted and re-adjusted, from time to time until a Qualified IPO, for (a) share splits and combinations, (b) ordinary share dividends and distributions, (3) other dividends, and (4) reorganisation, mergers, consolidations, reclassification, exchange and substitution of the ordinary shares of the Company.

Subject to the Memorandum and Articles of Association of the Company and, the shareholders agree, to the investors' rights agreement, in the event the Company at any time or from time to time after the issue date of preferred shares shall issue any options or convertible securities or shall fix a record date for the determination of holders of any series or class of securities entitled to receive any such options or convertible securities, then the maximum number of ordinary shares issuable upon the exercise of such options or, in the case of convertible securities and options therefor, the conversion or exchange of such convertible securities or the exercise of such options, shall be deemed to be new securities issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date. In the event of an issuance of new securities, for a consideration per ordinary share received by the Company (net of any selling concessions, discounts or commissions) less than the base price for the preferred shares, then the respective conversion price in effect shall be reduced, concurrently with such issue, to a price equal to the price per share of such new securities.

### Voting rights

At all general meetings of the Company: (a) the holder of each ordinary share issued and outstanding shall have one vote (number of votes was ten prior to the adoption of 2024 M&A) in respect of each ordinary share held by the founders and have one vote in respect of each ordinary share held by the shareholder other than the founders, and (b) the holder of a preferred share shall be entitled to such number of votes as equals the whole number of ordinary shares into which such holder's collective preferred shares are convertible.

The protective provisions of the voting rights shall terminate on the consummation of a Qualified IPO according to the 2024 M&A.

### Redemption rights

Upon occurrence of any of the exit events, including the Company's failure to first submit the listing application on or prior to 30 September 2024 and secure a Qualified IPO within 24 months after first submission of the listing application (no deadline on submission of the listing application and Qualified IPO date was 27 June 2022 prior to the adoption of 2024 M&A), the Company shall, at the written request (the "Redemption Notice") of any holder of preferred shares, redeem all or any portion of the outstanding preferred shares held by such holder, at a redemption price, on the sixtieth business day after the date of Redemption Notice.

The redemption price for each shareholder holding the Series C preferred shares, Series B1-5 preferred shares, Series B1-4 preferred shares, Series B1-3 preferred shares, Series B1-2 preferred shares, Series B1-1 preferred shares and Series B preferred shares shall be the higher of the following two:

- (i) the fair market value of the equity of the Company multiplied by a fraction, of which the numerator is the number of shares held by such shareholder (on a fully-diluted and as-converted basis) and the denominator is the total number of shares held by all the shareholders (on a fully-diluted and as-converted basis), plus all accrued or declared but unpaid dividends on the shares held by such shareholder (the unpaid dividends accrued in less than a fiscal year shall be calculated on a pro rata basis based on the actual days passed out of 365 days), and
- (ii) the amount which respectively equals to the base price for the Series B preferred share plus a simple rate of 12% per annum on the applicable base price plus any declared but unpaid dividends on the shares held by such shareholder, the base price for the Series B1-1 preferred share, Series B1-2 preferred share, Series B1-3 preferred share and Series B1-4 preferred share plus a simple rate of 12% per annum on the applicable base price, the base price for the Series B1-5 preferred share plus a simple rate of 12% per annum on the applicable base price, and the base price for the Series C preferred share plus a simple rate of 6% per annum on the applicable base price.

The redemption price for each shareholder holding the Series A-1 preferred shares, Series A preferred shares and Series Seed preferred shares shall be equal to their respective liquidation price (being the amount of the base price of the preferred shares plus 10% compound interest on such base price accrued annually, plus all accrued or declared but unpaid dividends on such preferred share).



**26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** (continued)

According to the 2024 M&A, (i) the redemption rights shall cease to be exercisable immediately prior to the first submission of the listing application to the relevant stock exchange provided that the redemption rights shall automatically be restored and exercisable and in full force and effect upon the earliest to occur of (a) the withdrawal of such listing application by the Company, (b) the rejection of such listing application by the relevant stock exchange, or (c) that the Company fails to consummate a Qualified IPO within 24 months after the first submission of the listing application to the relevant stock exchange; and (ii) there are no longer redemption events (including the Company's failure to secure a Qualified IPO prior to the fifth anniversary of the issue date of the Series B1-5 preferred shares) in relation to the redemption of the preferred shares.

## 26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group does not bifurcate any embedded derivatives from the Preferred Shares and has designated the entire instruments as financial liabilities at fair value through profit or loss. Subsequent to the initial recognition, the changes in fair value of the Preferred Shares are recognised in profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, of which the directors of the Company consider insignificant. The movements in the Preferred Shares during the Relevant Periods are as follows:

|  | Series<br>Seed A<br>RMB'000 | Series<br>Seed B<br>RMB'000 | Series A<br>RMB'000 | Series<br>A-1<br>RMB'000 | Series B<br>RMB'000 | Series<br>B1-1<br>RMB'000 | Series<br>B1-2<br>RMB'000 | Series<br>B1-3<br>RMB'000 | Series<br>B1-4<br>RMB'000 | Series<br>B1-5<br>RMB'000 | Series C<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------------|-----------------------------|---------------------|--------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------|------------------|
| At 1 January 2021                                  | 499                         | 4,077                       | 28,337              | 15,429                   | 52,320              | 36,897                    | 7,869                     | 14,210                    | 160,297                   | 6,948                     | -                   | 326,883          |
| Fair value changes recognised<br>in profit or loss | 68                          | 553                         | 3,282               | 1,329                    | 3,419               | 2,782                     | 584                       | 944                       | ( 3,002)                  | ( 142)                    | -                   | 9,817            |
| Foreign exchange adjustments                       | ( 13)                       | ( 100)                      | ( 686)              | ( 368)                   | ( 1,237)            | ( 876)                    | ( 186)                    | ( 336)                    | ( 3,631)                  | ( 156)                    | -                   | ( 7,589)         |
| At 31 December 2021<br>and 1 January 2022          | 554                         | 4,530                       | 30,933              | 16,390                   | 54,502              | 38,803                    | 8,267                     | 14,818                    | 153,664                   | 6,650                     | -                   | 329,111          |
| Fair value changes recognised<br>in profit or loss | 86                          | 708                         | 4,710               | 2,318                    | 6,824               | 6,170                     | 1,315                     | 2,361                     | 4,780                     | 183                       | -                   | 29,455           |
| Foreign exchange adjustments                       | 55                          | 444                         | 3,024               | 1,596                    | 5,277               | 3,803                     | 810                       | 1,453                     | 14,363                    | 618                       | -                   | 31,443           |
| At 31 December 2022<br>and 1 January 2023          | 695                         | 5,682                       | 38,667              | 20,304                   | 66,603              | 48,776                    | 10,392                    | 18,632                    | 172,807                   | 7,451                     | -                   | 390,009          |
| Repurchase of preferred shares                     | -                           | -                           | ( 31,564)           | -                        | -                   | -                         | -                         | -                         | ( 17,638)                 | -                         | -                   | ( 49,202)        |
| Fair value changes recognised<br>in profit or loss | 277                         | 2,239                       | 12,845              | 5,025                    | 12,142              | 9,053                     | 1,788                     | 2,867                     | 8,896                     | 413                       | -                   | 55,545           |
| Foreign exchange adjustments                       | 13                          | 107                         | 721                 | 370                      | 1,192               | 872                       | 185                       | 330                       | 2,976                     | 130                       | -                   | 6,896            |
| At 31 December 2023<br>and 1 January 2024          | 985                         | 8,028                       | 20,669              | 25,699                   | 79,937              | 58,701                    | 12,365                    | 21,829                    | 167,041                   | 7,994                     | -                   | 403,248          |
| Issue of preferred shares                          | -                           | -                           | -                   | -                        | -                   | -                         | -                         | -                         | -                         | -                         | 18,518              | 18,518           |
| Repurchase of preferred shares                     | -                           | -                           | -                   | -                        | -                   | -                         | -                         | -                         | ( 6,098)                  | -                         | -                   | ( 6,098)         |
| Fair value changes recognised<br>in profit or loss | 25                          | 233                         | 1,873               | 4,152                    | 13,108              | 16,367                    | 3,677                     | 7,027                     | 71                        | 434                       | ( 3,999)            | 42,968           |
| Foreign exchange adjustments                       | 15                          | 123                         | 326                 | 423                      | 1,310               | 1,030                     | 219                       | 392                       | 2,430                     | 122                       | 163                 | 6,553            |
| At 31 December 2024                                | <u>1,025</u>                | <u>8,384</u>                | <u>22,868</u>       | <u>30,274</u>            | <u>94,355</u>       | <u>76,098</u>             | <u>16,261</u>             | <u>29,248</u>             | <u>163,444</u>            | <u>8,550</u>              | <u>14,682</u>       | <u>465,189</u>   |

## 26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Company has engaged an independent valuer to determine the fair value of the Preferred Shares. The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity value allocation model based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of the Preferred Shares. The following table lists the key inputs used:

|                                    | 31 December<br>2022 | 31 December<br>2023 | 31 December<br>2024 |
|------------------------------------|---------------------|---------------------|---------------------|
| Discount rate                      | 16.1%               | N/A                 | 14.5%               |
| Risk-free interest rate            | 4.6%                | 4.2%                | 4.2%                |
| Expected volatility                | 62.7%               | 56.6%               | 36.7%               |
| Discount for lack of marketability | 15.8%               | 14.7%               | 7.9%                |
| Probability under:                 |                     |                     |                     |
| initial public offering scenario   | 40.0%               | 50.0%               | 55.0%               |
| liquidation scenario               | 30.0%               | 25.0%               | 22.5%               |
| redemption scenario                | <u>30.0%</u>        | <u>25.0%</u>        | <u>22.5%</u>        |

Discount rate was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of the United States treasury bills with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the share prices of the comparable companies for a period from the respective valuation dates to expected liquidation dates. The discount for lack of marketability ("DLOM") represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments. DLOM was estimated based on the Finnerty method.

Below is a summary of significant unobservable inputs to the fair values of the Preferred Shares together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

|  |               | Sensitivity of fair value to the inputs |                     |                     |
|--|---------------|---|---------------------|---------------------|
|  | Sensitivity   | 31 December<br>2022                     | 31 December<br>2023 | 31 December<br>2024 |
|  |               | RMB'000                                 | RMB'000             | RMB'000             |
| Discount rate                                      | 1% increase   | ( 18,858)                               | N/A                 | ( 23,055)           |
|  | 1% decrease   | 21,565                                  | N/A                 | 26,477              |
| Risk-free interest rate                            | 0.5% increase | ( 385)                                  | ( 507)              | ( 1,143)            |
|  | 0.5% decrease | 448                                     | 561                 | 798                 |
| Expected volatility                                | 5% increase   | ( 2,646)                                | ( 2,854)            | ( 2,665)            |
|  | 5% decrease   | 2,680                                   | 2,875               | 2,530               |
| Discount for lack of marketability                 | 5% increase   | ( 22,643)                               | ( 23,274)           | ( 24,801)           |
|  | 5% decrease   | 22,643                                  | 23,274              | 24,801              |
| Probability under initial public offering scenario | 5% increase   | ( 7,039)                                | ( 6,536)            | ( 11,986)           |
|  | 5% decrease   | <u>7,039</u>                            | <u>6,536</u>        | <u>11,986</u>       |

## 27. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

|   | Impairment<br>of financial<br>assets<br>RMB'000 | Fair value<br>adjustments<br>of financial<br>investments<br>at fair value<br>through<br>profit or loss<br>RMB'000 | Right-of-use<br>assets<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Losses<br>available<br>for offsetting<br>against future<br>taxable profits<br>RMB'000 | Total<br>RMB'000     |
|---|---|---|-----------------------------------|---------------------------------|---|----------------------|
| At 1 January 2022                                 | 8   | ( 26)   | ( 339)                            | 248                             | 25,333  | 25,224               |
| Deferred tax credited/(charged) to profit or loss | <u>3,556</u>                                    | <u>453</u>  | <u>( 421)</u>                     | <u>494</u>                      | <u>( 2,759)</u>   | <u>1,323</u>         |
| At 31 December 2022 and 1 January 2023            | 3,564   | 427   | ( 760)                            | 742                             | 22,574  | 26,547               |
| Deferred tax credited/(charged) to profit or loss | <u>( 389)</u>                                   | <u>( 65)</u>  | <u>317</u>                        | <u>( 324)</u>                   | <u>( 2,895)</u>   | <u>( 3,356)</u>      |
| At 31 December 2023 and 1 January 2024            | 3,175   | 362   | ( 443)                            | 418                             | 19,679  | 23,191               |
| Deferred tax credited/(charged) to profit or loss | <u>578</u>                                      | <u>( 543)</u>   | <u>333</u>                        | <u>( 314)</u>                   | <u>( 4,448)</u>   | <u>( 4,394)</u>      |
| At 31 December 2024                               | <u><u>3,753</u></u>                             | <u><u>( 181)</u></u>  | <u><u>( 110)</u></u>              | <u><u>104</u></u>               | <u><u>15,231</u></u>  | <u><u>18,797</u></u> |

## 27. DEFERRED TAX (continued)

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

|                                    | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Tax losses:                        |                                |                                |                                |
| available within one to five years | 1,924                          | 2,071                          | 1,267                          |
| available indefinitely             | <u>214</u>                     | <u>313</u>                     | <u>361</u>                     |
| Total                              | <u>2,138</u>                   | <u>2,384</u>                   | <u>1,628</u>                   |

Tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits, while tax losses arising in Hong Kong, subject to agreement by the Hong Kong Inland Revenue Department, are available indefinitely for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10%.

At the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB12,656,000, RMB33,001,000 and RMB21,053,000 as at 31 December 2022, 2023 and 2024, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 28. SHARE CAPITAL

The Company was incorporated with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares and preferred shares with a par value of USD0.0001 each. A summary of movements in the Company's issued and fully paid ordinary shares during the Relevant Periods is as follows:

|                           |       | Year ended<br>31 December 2022  |                             | Year ended<br>31 December 2023  |                             | Year ended<br>31 December 2024  |                             |
|---------------------------|-------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
|                           | Notes | Number<br>of shares<br>in issue | Share<br>capital<br>RMB'000 | Number<br>of shares<br>in issue | Share<br>capital<br>RMB'000 | Number<br>of shares<br>in issue | Share<br>capital<br>RMB'000 |
| At beginning of year      |       | 34,980,147                      | 22                          | 34,980,147                      | 22                          | 46,971,135                      | 30                          |
| Exercise of share options | (i)   | -                               | -                           | 11,990,988                      | 8                           | -                               | -                           |
| Issue of shares           | (ii)  | -                               | -                           | -                               | -                           | 28,895,000                      | 21                          |
| Repurchase of shares      | (iii) | -                               | -                           | -                               | -                           | (11,892,837)                    | ( 7)                        |
| At end of year            |       | <u>34,980,147</u>               | <u>22</u>                   | <u>46,971,135</u>               | <u>30</u>                   | <u>63,973,298</u>               | <u>44</u>                   |

### Notes:

- (i) During the year ended 31 December 2023, the subscription rights attaching to 11,990,988 share options were exercised at the subscription price of RMB0.01 per share (note 29), resulting in the issue of an aggregate 11,990,988 shares for a total cash consideration, before expenses, of RMB120,000, comprising share capital of RMB8,000 and share premium of RMB112,000. An amount of RMB12,413,000 was transferred from the share-based payment reserve to share premium upon the exercise of the share options.
- (ii) During the year ended 31 December 2024, a total of 28,895,000 ordinary shares of the Company at nil consideration were granted to certain directors and employees of the Group as share awards under the Pre-IPO Share Scheme, further details of which are set out in note 29 to the Historical Financial Information.
- (iii) During the year ended 31 December 2024, the Company purchased 892,837 ordinary shares at USD0.0001 per share for USD89 (equivalent to RMB1,000) from two shareholders, details of which are set out in note 26 to the Historical financial Information, and purchased 11,000,000 ordinary shares at USD0.15 per share for USD1,650,000 (equivalent to RMB11,703,000) from one shareholder. The purchased shares were cancelled and became authorised but unissued shares of the Company upon completion of the share purchase transaction. According to a written resolution of the shareholders of the Company, ordinary shares of 11,000,000 are additionally reserved solely for the purpose of future issuance under the employee share option plan or other equity incentive plan to be adopted by the Company from time to time. The excess of the repurchase consideration over the par value of the Company's ordinary shares, amounting to RMB11,697,000, has been credited to the capital reserve.

The details of the Preferred Shares are set out in note 26 to the Historical Financial Information.

## 29. SHARE-BASED PAYMENTS

### 2015 share incentive plan

The Company has a share incentive plan (the “2015 Share Incentive Plan”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2015 Share Incentive Plan include the directors, employees and consultants of the Company, holding companies and subsidiaries of the Company, and any business, corporation, partnership, limited liability company or other entity in which the Company, or any of its holding companies or subsidiaries holds a substantial ownership interest, directly or indirectly. The 2015 Share Incentive Plan became effective on 1 June 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum aggregate number of shares which may be issued pursuant to the grant of share options, share appreciation rights, dividend equivalent rights, restricted shares, restricted share units or other rights or benefits under the 2015 Share Incentive Plan (collectively, the “Plan Award”) is 18,615,738 shares of the Company (proportionally adjusted to reflect any share dividends, share splits, or similar transactions). The 2015 Share Incentive Plan is administered by the board of directors of the Company, which has the authority, in its discretion, to select the employees, directors and consultants to whom the Plan Awards may be granted from time to time hereunder, to determine whether and to what extent the Plan Awards are granted hereunder, and to determine the number of shares or the amount of other consideration to be covered by each of the Plan Award granted hereunder.

Except as unanimously approved by the board of directors of the Company, share options to be issued to the grantees under the 2015 Share Incentive Plan are subject to a minimum four year vesting schedule calling for vesting no faster than the following, counting from the applicable grant date with respect to the total issued share options: 25% of the shares subject to the share option shall vest at the end of the first twelve months, with remaining portions vesting in annually installments over the next thirty six months.

The following share options were outstanding under the 2015 Share Incentive Plan during the Relevant Periods:

|                            | Year ended<br>31 December 2022                                |                                 | Year ended<br>31 December 2023                                |                                 | Year ended<br>31 December 2024                                |                                 |
|----------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
|                            | Weighted<br>average<br>exercise<br>price<br>per share<br>US\$ | Number<br>of<br>options<br>'000 | Weighted<br>average<br>exercise<br>price<br>per share<br>US\$ | Number<br>of<br>options<br>'000 | Weighted<br>average<br>exercise<br>price<br>per share<br>US\$ | Number<br>of<br>options<br>'000 |
| At beginning of year       | 0.05  | 18,083                          | 0.06  | 18,443                          | 0.16  | 6,625                           |
| Granted during the year    | 0.32  | 360                             | 0.32  | 173                             | -   | -                               |
| Forfeited during the year  | -   | -                               | -   | -                               | 0.32  | ( 81)                           |
| Exercised during the year  | -   | -                               | 0.01  | (11,991)                        | -   | -                               |
| At end of year             | 0.06  | <u>18,443</u>                   | 0.16  | <u>6,625</u>                    | 0.16  | <u>6,544</u>                    |
| Exercisable at end of year | 0.05  | <u>17,604</u>                   | 0.15  | <u>6,182</u>                    | 0.16  | <u>6,370</u>                    |

## 29. SHARE-BASED PAYMENTS (continued)

The exercise periods, exercise prices and weighted average remaining contractual life of the share options outstanding, as well as the additional number of ordinary shares and amount of share capital when share options exercised in full, as at the end of each of the Relevant Periods are as follows:

| Exercise period  | Exercise price<br>per share |      | Number of share options outstanding |                     |                     |
|--|-----------------------------|------|-------------------------------------|---------------------|---------------------|
|  |                             |      | 31 December<br>2022                 | 31 December<br>2023 | 31 December<br>2024 |
|  | RMB                         | US\$ | '000                                | '000                | '000                |
| 2015/6/1 to 2025/5/31  | -                           | -    | 267                                 | 267                 | 267                 |
| 2015/6/1 to 2025/5/31  | 0.01                        | -    | 5,219                               | -                   | -                   |
| 2015/6/1 to 2025/5/31  | -                           | 0.01 | 415                                 | 415                 | 415                 |
| 2015/6/1 to 2025/5/31  | -                           | 0.16 | 3,088                               | 3,088               | 3,088               |
| 2015/12/1 to 2025/11/30  | -                           | -    | 30                                  | 30                  | 30                  |
| 2015/12/1 to 2025/11/30  | 0.01                        | -    | 252                                 | -                   | -                   |
| 2015/12/1 to 2025/11/30  | -                           | 0.01 | 120                                 | 120                 | 120                 |
| 2015/12/1 to 2025/11/30  | -                           | 0.08 | 83                                  | 83                  | 83                  |
| 2015/12/1 to 2025/11/30  | -                           | 0.16 | 424                                 | 424                 | 424                 |
| 2017/1/31 to 2027/1/30   | -                           | 0.08 | 13                                  | 13                  | 13                  |
| 2017/1/31 to 2027/1/30   | -                           | 0.16 | 449                                 | 449                 | 449                 |
| 2017/12/31 to 2027/12/30   | 0.01                        | -    | 5,120                               | -                   | -                   |
| 2017/12/31 to 2027/12/30   | -                           | 0.16 | 310                                 | 310                 | 310                 |
| 2018/9/30 to 2028/9/29   | -                           | 0.08 | 2                                   | 2                   | 2                   |
| 2018/9/30 to 2028/9/29   | -                           | 0.16 | 231                                 | 231                 | 231                 |
| 2018/9/30 to 2028/9/29   | -                           | 0.32 | 20                                  | 20                  | 20                  |
| 2019/9/30 to 2029/9/29   | -                           | -    | 125                                 | 125                 | 125                 |
| 2019/9/30 to 2029/9/29   | 0.01                        | -    | 1,400                               | -                   | -                   |
| 2019/9/30 to 2029/9/29   | -                           | 0.32 | 515                                 | 515                 | 515                 |
| 2022/12/31 to 2032/12/30   | -                           | 0.32 | 360                                 | 360                 | 285                 |
| 2023/9/1 to 2033/8/31  | -                           | 0.32 | -                                   | 173                 | 167                 |
|  |                             |      | <u>18,443</u>                       | <u>6,625</u>        | <u>6,544</u>        |
| Weighted average remaining contractual life of<br>share options outstanding (years)  |                             |      | 3.92                                | 2.88                | 1.62                |
| Additional number of ordinary shares in issue<br>when share options exercised in full ('000)   |                             |      | 18,443                              | 6,625               | 6,544               |
| Additional amount of share capital and share premium<br>when share options exercised in full (before issue<br>expense and share-based payment expense) (RMB'000) |                             |      | <u>7,529</u>                        | <u>7,617</u>        | <u>7,543</u>        |

The fair value of share options granted and the amount of share-based payment expense during the Relevant Periods are as follows:

|  | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Fair value of share options granted:   |                                   |                                   |                                   |
| Total amount (RMB'000)   | 555                               | 273                               | -                                 |
| Per share amount (US\$)  | 0.22                              | 0.22                              | -                                 |
| Share-based payment expense (RMB'000)<br>attributable to the share options granted in: |                                   |                                   |                                   |
| current year   | -                                 | 47                                | -                                 |
| prior years  | <u>396</u>                        | <u>434</u>                        | <u>178</u>                        |
| Total share-based payment expense (RMB'000)  | <u>396</u>                        | <u>481</u>                        | <u>178</u>                        |



## 29. SHARE-BASED PAYMENTS (continued)

The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of ordinary shares. Based on the fair value of the underlying ordinary shares, the fair value of share options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to estimate the fair value of share options granted during the Relevant Periods:

|   | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2024 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Dividend yield (%)                        | -                                 | -                                 | N/A                               |
| Expected volatility (%)                   | 54                                | 53                                | N/A                               |
| Risk-free interest rate (%)               | 3.88                              | 4.18                              | N/A                               |
| Expected life of share options (year)     | 10                                | 10                                | N/A                               |
| Weighted average share value (US\$/share) | <u>0.38</u>                       | <u>0.39</u>                       | <u>N/A</u>                        |

The expected life of share options is based on the contract terms. The expected volatility is determined by using the average of historical volatilities of the share prices of the comparable companies, which may also not necessarily be the actual outcome. The risk-free interest rate is based on the yield of the United States treasury bills. No other feature of the share options granted was incorporated into the measurement of fair value.

### Pre-IPO share scheme

The Company adopted a pre-IPO share scheme (the “Pre-IPO Share Scheme”) to encourage eligible participants, as determined by the board of directors of the Company or the scheme administrator, to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its shares. The Pre-IPO Share Scheme became effective on 1 April 2024 and, unless otherwise early terminated by the board of directors of the Company, will be valid and effective for 10 years commencing from the date immediately prior to the shares of the Company commence trading on the Stock Exchange.

The total number of shares which may be issued pursuant to all share options and share awards (the “Scheme Awards”) to be granted under the Pre-IPO Share Scheme is 34,910,920 shares of the Company. The board of directors of the Company is responsible for administering the Pre-IPO Share Scheme in accordance with the rules set out relating to the Pre-IPO Share Scheme, and it may delegate the authority to administer the Pre-IPO Share Scheme to a committee of the board of directors of the Company or to any other person(s) deemed appropriate at the sole discretion of the board of directors of the Company. The board of directors of the Company or its aforementioned delegate(s) has the power to grant the Scheme Awards to those eligible participants and determine the terms and conditions, including but not limited to, number of Scheme Awards, issue price, exercise price, vesting dates, vesting criteria, performance targets, clawback arrangements and other conditions.

Except as unanimously approved by the board of directors of the Company, share options to be issued to the grantees under the Pre-IPO Share Scheme are subject to a minimum four-year vesting schedule calling for vesting no faster than the following, counting from the applicable grant date with respect to the total issued share options: 25% of the shares subject to the share option shall vest at the end of the first twelve months, with remaining portions vesting in annually installments over the next thirty six months. Other shares, options or other securities or awards granted or issued under the Pre-IPO Share Scheme shall be granted or issued according to the Pre-IPO Share Scheme subject to the written consent of the holders of at least 50% of the voting power of the then outstanding preferred shares (calculated on as-converted basis) of the Company and the board of directors of the Company.

## 29. SHARE-BASED PAYMENTS (continued)

During the year ended 31 December 2024, a total of 28,895,000 share awards and 2,355,919 share options were granted to certain directors and employees of the Group in respect of their services to the Group, of which 35,000 share options were forfeited. All of the remaining share awards and share options remained unvested and were not exercisable at 31 December 2024. These share awards were issued at nil consideration and share options have exercise price of US\$0.32 per share. The fair values of share awards and share options were RMB99,598,000 (per share amount: US\$0.48) and RMB5,174,000 (per share amount: US\$0.31, respectively, and the corresponding share-based payment expense for the year ended 31 December 2024 was RMB18,102,000.

The exercise periods of 814,375, 1,376,544 and 130,000 share options are from 1 April 2024 to 31 March 2034, from 1 November 2024 to 31 October 2034, and from 31 December 2024 to 30 December 2034, respectively, and the weighted average remaining contractual life of share options was 9.64 years as of 31 December 2024. At 31 December 2024, the exercise in full of the outstanding 2,320,919 share options would, under the present capital structure of the Company, result in the issue of 2,320,919 additional ordinary shares of the Company and additional share capital and share premium with an aggregate amount of RMB5,338,000 (before share issue expense and share-based payment expense).

The discounted cash flow method was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of ordinary shares. Based on the fair value of the underlying ordinary shares, the fair value of share options was estimated as at the date of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the weighted average amounts of the inputs to the model used to estimate the fair value of share options granted during the year ended 31 December 2024:

|   | Year ended<br>31 December<br>2024 |
|---|-----------------------------------|
| Expected volatility (%)                   | 50                                |
| Risk-free interest rate (%)               | 4.37                              |
| Expected life of share options (year)     | 10                                |
| Weighted average share value (US\$/share) | 0.28                              |

The expected life of share options is based on the contract terms. The expected volatility is determined by using the historical volatility of the share price of the comparable companies, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

The fair value of share awards was determined based on the fair value of the ordinary shares.

Subsequent to the end of the Relevant Periods, a total of 309,500 share options with an exercise price of USD0.32 each were forfeited, and a total of 3,985,001 share options with an exercise price of USD0.32 each were granted.

At the date of approval of the Historical Financial Information, the Company had 12,540,170 share options outstanding under the 2015 Share Incentive Plan and the Pre-IPO Share Scheme, which represented 19.60% of the Company's shares in issue as at that date.

## 30. RESERVES

### Group

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

#### (a) Capital reserve

Capital reserve represents (i) the capital amounts of Wuhan Yuanguang and Beijing Yuanguang, (ii) the excess of the carrying amounts of the ordinary and preferred shares over the par value of the Company's shares issued in exchange therefor or over the repurchase consideration of the ordinary and preferred shares, as well as (iii) the capital contribution from or return to the registered owners of a subsidiary for the Group's reorganisation.

#### (b) Share-based payment reserve

Share-based payment reserve is attributable to the fair value of options of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

#### (c) Statutory reserves

Statutory reserve represents the amounts set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company's subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

### 30. RESERVES (continued)

#### Company

|  | Share<br>premium<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Share-based<br>payment<br>reserve<br>RMB'000 | Fair value<br>reserve of<br>financial assets<br>at fair value<br>through other<br>comprehensive<br>income<br>RMB'000 | Exchange<br>fluctuation<br>reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------------|-------------------------------|--|--|---|----------------------------------|------------------|
| At 1 January 2022  | -                           | 13,706                        | 14,398                                       | -  | 15,894  | ( 210,951)                       | ( 166,953)       |
| Loss for the year  | -                           | -                             | -  | -  | -   | ( 30,157)                        | ( 30,157)        |
| Other comprehensive loss for the year:   |                             |                               |  |  |   |                                  |                  |
| Exchange differences on translation of the Company   | -                           | -                             | -  | -  | ( 16,494)                                     | -                                | ( 16,494)        |
| Total comprehensive loss for the year  | -                           | -                             | -  | -  | ( 16,494)                                     | ( 30,157)                        | ( 46,651)        |
| Equity-settled share-based payment arrangements  | -                           | -                             | 396  | -  | -   | -                                | 396              |
| At 31 December 2022 and 1 January 2023   | -                           | 13,706                        | 14,794                                       | -  | ( 600)  | ( 241,108)                       | ( 213,208)       |
| Loss for the year  | -                           | -                             | -  | -  | -   | ( 67,971)                        | ( 67,971)        |
| Other comprehensive loss for the year:   |                             |                               |  |  |   |                                  |                  |
| Exchange differences on translation of the Company   | -                           | -                             | -  | -  | ( 3,959)                                      | -                                | ( 3,959)         |
| Total comprehensive loss for the year  | -                           | -                             | -  | -  | ( 3,959)                                      | ( 67,971)                        | ( 71,930)        |
| Issue of shares  | 12,525                      | -                             | ( 12,413)                                    | -  | -   | -                                | 112              |
| Repurchase of shares   | -                           | 22,197                        | -  | -  | -   | -                                | 22,197           |
| Equity-settled share-based payment arrangements  | -                           | -                             | 481  | -  | -   | -                                | 481              |
| At 31 December 2023 and 1 January 2024   | 12,525                      | 35,903                        | 2,862  | -  | ( 4,559)                                      | ( 309,079)                       | ( 262,348)       |
| Loss for the year  | -                           | -                             | -  | -  | -   | ( 63,005)                        | ( 63,005)        |
| Other comprehensive loss for the year:   |                             |                               |  |  |   |                                  |                  |
| Exchange differences on translation of the Company   | -                           | -                             | -  | -  | ( 4,705)                                      | -                                | ( 4,705)         |
| Fair value loss on an equity investment designated<br>at fair value through other comprehensive income | -                           | -                             | -  | ( 8,749)   | -   | -                                | ( 8,749)         |
| Total comprehensive loss for the year  | -                           | -                             | -  | ( 8,749)   | ( 4,705)                                      | ( 63,005)                        | ( 76,459)        |
| Repurchase of shares   | -                           | ( 22,515)                     | -  | -  | -   | -                                | ( 22,515)        |
| Equity-settled share-based payment arrangements  | -                           | -                             | 18,280                                       | -  | -   | -                                | 18,280           |
| At 31 December 2024  | 12,525                      | 13,388                        | 21,142                                       | ( 8,749)   | ( 9,264)                                      | ( 322,084)                       | ( 343,042)       |

## 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Additions to right-of-use assets and lease liabilities                   | 5,390  | 492  | 463  |
| Capitalisation of loans receivable into an investment<br>in an associate | <u>-</u>                                     | <u>1,080</u>                                 | <u>-</u>                                     |

### (b) Changes in liabilities arising from financing activities

#### Lease liabilities

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| At beginning of year                             | 1,651  | 4,947  | 2,789  |
| Changes from financing cash flows                | ( 1,795)                                     | ( 2,485)                                     | ( 2,179)                                     |
| New leases                                       | 5,390  | 492  | 463  |
| Interest expenses                                | 236  | 172  | 58   |
| COVID-19-related rent concessions from lessors   | ( 299)                                       | -  | -  |
| Revision of lease payments                       | -  | ( 165)                                       | 213  |
| Interest paid classified as operating cash flows | ( 236)                                       | ( 172)                                       | ( 58)  |
| At end of year                                   | <u>4,947</u>                                 | <u>2,789</u>                                 | <u>1,286</u>                                 |

#### Interest-bearing bank and other borrowings

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| At beginning of year                         | 36,361                                       | 30,965                                       | 40,000                                       |
| Changes from financing cash flows            | ( 5,985)                                     | 9,101  | ( 10,000)                                    |
| Effect of foreign exchange rate changes, net | <u>589</u>                                   | <u>( 66)</u>                                 | <u>-</u>                                     |
| At end of year                               | <u>30,965</u>                                | <u>40,000</u>                                | <u>30,000</u>                                |

#### Interests payable included in other payables and accruals

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| At beginning of year                         | 1,591  | 2,435  | 52   |
| Changes from financing cash flows            | ( 1,189)                                     | ( 4,111)                                     | ( 1,341)                                     |
| Interest expenses                            | 1,861  | 1,723  | 1,289  |
| Effect of foreign exchange rate changes, net | <u>172</u>                                   | <u>5</u>                                     | <u>-</u>                                     |
| At end of year                               | <u>2,435</u>                                 | <u>52</u>                                    | <u>-</u>                                     |

### 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

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

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

|                             | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|-----------------------------|--|--|--|
| Within operating activities | 319  | 200  | 205  |
| Within financing activities | <u>1,795</u>                                 | <u>2,485</u>                                 | <u>2,179</u>                                 |
| Total                       | <u>2,114</u>                                 | <u>2,685</u>                                 | <u>2,384</u>                                 |

### 32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed in notes 1, 19 and 25 to the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Entities controlled by the Company's<br>shareholding companies with significant<br>influences over the Company   |  |  |  |
| Provision of mobile advertising services   | 6,998  | 14,477                                       | 2,230  |
| Provision of data technology services  | 14,377                                       | -  | -  |
| Cloud storage service fee charges  | 230  | 152  | 29   |
| Entity controlled by the major shareholder of<br>the Company's shareholding companies<br>with significant influences over the Company<br>(which is a founder of the Group) |  |  |  |
| Consultancy service fee charges  | 931  | 525  | -  |
| Associates   |  |  |  |
| Provision of IT solution and other services  | 2,347  | 1,102  | 189  |
| Company's shareholding company with<br>significant influences over the Company   |  |  |  |
| Interest expenses  | <u>672</u>                                   | <u>224</u>                                   | <u>-</u>                                     |

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

In addition, on 28 January 2023, Wuhan Yuanguang and Ms. QIAN Jinlei entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide a loan to Ms. QIAN Jinlei amounting to RMB2,000,000 which is also the maximum amount outstanding in 2023. The loan was unsecured, interest-free and fully paid in September 2023.

## 32. RELATED PARTY TRANSACTIONS (continued)

### (b) Outstanding balances with related parties

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Entities controlled by the Company's shareholding companies with significant influences over the Company  |                                |                                |                                |
| Accounts receivable   | 18,699                         | 21,254                         | -                              |
| Prepayments   | 67                             | 61                             | -                              |
| Entity controlled by the major shareholder of the Company's shareholding companies with significant influences over the Company (which is a founder of the Group) |                                |                                |                                |
| Other payables  | 450                            | -                              | -                              |
| Associates  |                                |                                |                                |
| Accounts receivable   | 488                            | 620                            | -*                             |
| Other payables  | 300                            | -                              | -                              |
| Company's shareholding company with significant influences over the Company   |                                |                                |                                |
| Other borrowings  | 6,965                          | -                              | -                              |
| Interest payable  | 2,435                          | -                              | -                              |

\* The gross amount of an account receivable of an associate as at 31 December 2024 was RMB805,000, which was fully provided for during the year ended 31 December 2024.

Prepayments were made to an entity controlled by the Company's shareholding companies with significant influences over the Company for the cloud storage services. Other payable to an entity controlled by the major shareholder of the Company's shareholding companies with significant influences over the Company (which is a founder of the Group) was attributable to the consultancy service fee charges. Other payable to an associate was the unpaid amount of capital contribution. Details of accounts receivable, other borrowings and interest payable with related parties are included in notes 18, 25 and 24 to the Historical Financial Information. The balances with related parties are trade in nature, except for the other borrowings and interest payable with the Company's shareholding company with significant influences over the Company which are non-trade in nature.

### (c) Compensation of key management personnel of the Group

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| Short-term employee benefits               | 3,149  | 6,340  | 7,090  |
| Equity-settled share-based payment expense | -  | -  | 11,925                                       |
| Post-employment benefits                   | 139  | 188  | 205  |
| Total                                      | 3,288  | 6,528  | 19,220                                       |

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

### 33. FINANCIAL INSTRUMENTS BY CATEGORY

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

#### Financial assets

As at 31 December 2022

|   | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income<br>- equity<br>investments<br>RMB'000 | Financial assets<br>at fair value<br>through<br>profit or loss<br>- mandatorily<br>designated<br>as such<br>RMB'000 | Financial assets at<br>amortised<br>cost<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|------------------|
| Accounts receivable   | -   | -   | 35,696  | 35,696           |
| Financial assets included in prepayments,<br>other receivables and other assets | -   | -   | 1,440   | 1,440            |
| Financial investments   | -   | 56,542  | -   | 56,542           |
| Cash and cash equivalents   | -   | -   | 48,354  | 48,354           |
| Time deposits   | -   | -   | -   | -                |
| Total   | -   | 56,542  | 85,490  | 142,032          |

As at 31 December 2023

|   | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income<br>- equity<br>investments<br>RMB'000 | Financial assets<br>at fair value<br>through<br>profit or loss<br>- mandatorily<br>designated<br>as such<br>RMB'000 | Financial assets at<br>amortised<br>cost<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|------------------|
| Accounts receivable   | -   | -   | 46,724  | 46,724           |
| Financial assets included in prepayments,<br>other receivables and other assets | -   | -   | 5,489   | 5,489            |
| Financial investments   | -   | 43,588  | -   | 43,588           |
| Cash and cash equivalents   | -   | -   | 55,511  | 55,511           |
| Time deposits   | -   | -   | 30,000  | 30,000           |
| Total   | -   | 43,588  | 137,724   | 181,312          |

As at 31 December 2024

|   | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income<br>- equity<br>investments<br>RMB'000 | Financial assets<br>at fair value<br>through<br>profit or loss<br>- mandatorily<br>designated<br>as such<br>RMB'000 | Financial assets at<br>amortised<br>cost<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|------------------|
| Accounts receivable   | -   | -   | 33,659  | 33,659           |
| Financial assets included in prepayments,<br>other receivables and other assets | -   | -   | 1,943   | 1,943            |
| Financial investments   | 8,960   | 49,361  | -   | 58,321           |
| Cash and cash equivalents   | -   | -   | 56,306  | 56,306           |
| Time deposits   | -   | -   | 30,000  | 30,000           |
| Total   | 8,960   | 49,361  | 121,908   | 180,229          |



### 33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

#### Financial liabilities

As at 31 December 2022

|   | Financial liabilities at fair value through profit or loss - designated as such upon initial recognition RMB'000 | Financial liabilities at amortised cost RMB'000 | Total RMB'000  |
|---|--|---|----------------|
| Accounts payable  | -  | 5,422   | 5,422          |
| Financial liabilities included in other payables and accruals | -  | 4,397   | 4,397          |
| Interest-bearing bank and other borrowings                    | -  | 30,965  | 30,965         |
| Lease liabilities   | -  | 4,947   | 4,947          |
| Financial liabilities at fair value through profit or loss    | 390,009  | -   | 390,009        |
| <b>Total</b>  | <b>390,009</b>   | <b>45,731</b>                                   | <b>435,740</b> |

As at 31 December 2023

|   | Financial liabilities at fair value through profit or loss - designated as such upon initial recognition RMB'000 | Financial liabilities at amortised cost RMB'000 | Total RMB'000  |
|---|--|---|----------------|
| Accounts payable  | -  | 4,233   | 4,233          |
| Financial liabilities included in other payables and accruals | -  | 21,687  | 21,687         |
| Interest-bearing bank and other borrowings                    | -  | 40,000  | 40,000         |
| Lease liabilities   | -  | 2,789   | 2,789          |
| Financial liabilities at fair value through profit or loss    | 403,248  | -   | 403,248        |
| <b>Total</b>  | <b>403,248</b>   | <b>68,709</b>                                   | <b>471,957</b> |

As at 31 December 2024

|   | Financial liabilities at fair value through profit or loss - designated as such upon initial recognition RMB'000 | Financial liabilities at amortised cost RMB'000 | Total RMB'000  |
|---|--|---|----------------|
| Accounts payable  | -  | 7,864   | 7,864          |
| Financial liabilities included in other payables and accruals | -  | 16,808  | 16,808         |
| Interest-bearing bank and other borrowings                    | -  | 30,000  | 30,000         |
| Lease liabilities   | -  | 1,286   | 1,286          |
| Financial liabilities at fair value through profit or loss    | 465,189  | -   | 465,189        |
| <b>Total</b>  | <b>465,189</b>   | <b>55,958</b>                                   | <b>521,147</b> |

### 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

#### *Financial assets*

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Financial investments   |                                |                                |                                |
| Carrying amounts  | 56,542                         | 43,588                         | 58,321                         |
| Fair values   | <u>56,542</u>                  | <u>43,588</u>                  | <u>58,321</u>                  |
| Non-current portion of financial assets included in prepayments, other receivables and other assets |                                |                                |                                |
| Carrying amounts  | 960                            | 316                            | 163                            |
| Fair values   | <u>951</u>                     | <u>294</u>                     | <u>157</u>                     |
| Non-current time deposits   |                                |                                |                                |
| Carrying amounts  | -                              | 30,000                         | 30,000                         |
| Fair values   | <u>-</u>                       | <u>30,190</u>                  | <u>30,027</u>                  |

#### *Financial liabilities*

|  | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Financial liabilities at fair value through profit or loss |                                |                                |                                |
| Carrying amounts   | 390,009                        | 403,248                        | 465,189                        |
| Fair values  | <u>390,009</u>                 | <u>403,248</u>                 | <u>465,189</u>                 |

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

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of structured deposits included in financial investments have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks, and the fair values of funds included in financial investments are based on their respective unadjusted quoted prices in active markets.

The fair values of an unlisted equity investment and an unlisted debt investment with a conversion feature included in financial investments have been estimated using a market-based valuation technique, a binomial model and/or discounted cash flow model based on assumptions that are not supported by observable market prices or rates. The valuation requires that directors to determine comparable public companies (peers) based on industry and to calculate an enterprise price-to-sales ("Price/Sales") multiple for each comparable companies identified. The multiple is calculated by dividing the enterprise value of the comparable company by the sales amount. The multiple is then discounted for considerations such as illiquidity. The fair values determined based on the discounted cash flow model are based on expected future cash flows discounted using current market rates after considering entity-specific risks. The directors believe that the estimated fair values resulting from Price/Sales multiple and discounted cash flows, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which is recorded in profit or loss, are reasonable and are the most appropriate values.

### 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the underlying unlisted equity investment held by the Group's interest in a limited partnership included in financial investments have been determined using the backsolve method of the market approach, together with the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, for equity allocation purpose. Such valuations are then used in determining the fair values of the Group's interest in a limited partnership using an asset-based approach.

The fair value of a listed equity investment included in financial investments is based on a quoted market price.

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets as well as non-current time deposits have been calculated by discounting the expected future cash flows using current market rates of instruments with similar terms and risk.

The details of the methods and assumptions used to estimate the fair values of the Preferred Shares and a quantitative sensitivity analysis are set out in note 26 to the Historical Financial Information.

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial assets:

|  | Fair value measurement using                                  |   |   | Total<br>RMB'000 |
|--|---|---|---|------------------|
|  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RMB'000 |                  |
| <i>Financial assets measured at fair value</i>   |   |   |   |                  |
| Financial investments  |   |   |   |                  |
| 31 December 2022   | 3,386   | 50,158  | 2,998   | 56,542           |
| 31 December 2023   | -   | 40,092  | 3,496   | 43,588           |
| 31 December 2024   | <u>8,960</u>  | <u>43,079</u>   | <u>6,282</u>  | <u>58,321</u>    |
| <i>Financial assets for which fair values are disclosed</i>  |   |   |   |                  |
| Non-current portion of financial assets included in<br>prepayments, other receivables and other assets |   |   |   |                  |
| 31 December 2022   | -   | 951   | -   | 951              |
| 31 December 2023   | -   | 294   | -   | 294              |
| 31 December 2024   | <u>-</u>  | <u>157</u>  | <u>-</u>  | <u>157</u>       |
| Non-current time deposits  |   |   |   |                  |
| 31 December 2022   | -   | -   | -   | -                |
| 31 December 2023   | -   | 30,190  | -   | 30,190           |
| 31 December 2024   | <u>-</u>  | <u>30,027</u>   | <u>-</u>  | <u>30,027</u>    |

The movements in fair value movements of unlisted investments included in financial investments at fair value through profit or loss within Level 3 during the Relevant Periods are as follows:

|  | Year ended<br>31 December<br>2022<br>RMB'000 | Year ended<br>31 December<br>2023<br>RMB'000 | Year ended<br>31 December<br>2024<br>RMB'000 |
|--|--|--|--|
| At beginning of year                                   | 3,000  | 2,998  | 3,496  |
| New investments  | 3,000  | -  | 2,500  |
| Investment income                                      | -  | -  | 122  |
| Fair value gains/(losses) recognised in profit or loss | ( 3,002)                                     | 498  | 1,803  |
| Partial disposal/maturity of investments               | <u>-</u>                                     | <u>-</u>                                     | <u>( 1,639)</u>                              |
| At end of year   | <u>2,998</u>                                 | <u>3,496</u>                                 | <u>6,282</u>                                 |

### 34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

Below is a summary of significant unobservable inputs to the valuation of unlisted investments together with a quantitative sensitivity analysis summarised below:

|                                      | Year end date    | Significant unobservable inputs    | Value       | Increase/ (decrease) in input % | Increase/ (decrease) in fair value RMB'000 |
|--------------------------------------|------------------|------------------------------------|-------------|---------------------------------|--|
| Unlisted equity investment           | 31 December 2022 | Price/Sales multiple of peers      | 0.91 – 5.28 | 5<br>(5)                        | 36<br>( 31)                                |
|                                      |                  | DLOM                               | 26%         | 5<br>(5)                        | ( 50)<br>50                                |
|                                      | 31 December 2023 | Price/Sales multiple of peers      | 0.42 – 5.59 | 5<br>(5)                        | 34<br>( 40)                                |
|                                      |                  | DLOM                               | 27%         | 5<br>(5)                        | ( 58)<br>58                                |
|                                      | 31 December 2024 | Price/Sales multiple of peers      | 0.38 – 7.08 | 5<br>(5)                        | 60<br>( 72)                                |
|                                      |                  | DLOM                               | 24%         | 5<br>(5)                        | ( 119)<br>119                              |
| Interest in a limited partnership    | 31 December 2022 | Recent transaction price per share | RMB17.5     | 5<br>(5)                        | 57<br>( 57)                                |
|                                      | 31 December 2023 | Recent transaction price per share | RMB28.9     | 5<br>(5)                        | 95<br>( 95)                                |
|                                      | 31 December 2024 | Recent transaction price per share | RMB50.6     | 5<br>(5)                        | 168<br>( 182)                              |
| Unlisted convertible debt investment | 31 December 2024 | Discount rate                      | 5.3%        | 0.5<br>(0.5)                    | ( 8)<br>8                                  |

The following table illustrates the fair value measurement hierarchy of the Group's financial liabilities:

|  | Fair value measurement using                         |  |  | Total<br>RMB'000 |
|--|--|--|--|------------------|
|  | Quoted prices in active markets (Level 1)<br>RMB'000 | Significant observable inputs (Level 2)<br>RMB'000 | Significant unobservable inputs (Level 3)<br>RMB'000 |                  |
| Financial liabilities at fair value through profit or loss |  |  |  |                  |
| 31 December 2022   | -  | -  | 390,009  | 390,009          |
| 31 December 2023   | -  | -  | 403,248  | 403,248          |
| 31 December 2024   | -  | -  | 465,189  | 465,189          |

The movements in fair value measurements of financial liabilities at fair value through profit or loss, i.e., the Preferred Shares, within Level 3 during the Relevant Periods are set out in note 26 to the Historical Financial Information.

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

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

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

#### *Credit risk*

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

#### Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

|  | 12-month<br>ECLs   | Lifetime ECLs      |                    |                                   |                  |
|--|--------------------|--------------------|--------------------|-----------------------------------|------------------|
|  | Stage 1<br>RMB'000 | Stage 2<br>RMB'000 | Stage 3<br>RMB'000 | Simplified<br>approach<br>RMB'000 | Total<br>RMB'000 |
| Accounts receivable *  | -                  | -                  | -                  | 36,158                            | 36,158           |
| Financial assets included in<br>prepayments, other<br>receivables and other assets |                    |                    |                    |                                   |                  |
| - Normal **  | 1,440              | -                  | -                  | -                                 | 1,440            |
| - Doubtful **  | -                  | -                  | 23,301             | -                                 | 23,301           |
| Cash and cash equivalents  | 48,354             | -                  | -                  | -                                 | 48,354           |
| Time deposits  | -                  | -                  | -                  | -                                 | -                |
| <b>Total</b>   | <b>49,794</b>      | <b>-</b>           | <b>23,301</b>      | <b>36,158</b>                     | <b>109,253</b>   |

As at 31 December 2023

|  | 12-month<br>ECLs   | Lifetime ECLs      |                    |                                   |                  |
|--|--------------------|--------------------|--------------------|-----------------------------------|------------------|
|  | Stage 1<br>RMB'000 | Stage 2<br>RMB'000 | Stage 3<br>RMB'000 | Simplified<br>approach<br>RMB'000 | Total<br>RMB'000 |
| Accounts receivable *  | -                  | -                  | -                  | 47,186                            | 47,186           |
| Financial assets included in<br>prepayments, other<br>receivables and other assets |                    |                    |                    |                                   |                  |
| - Normal **  | 5,489              | -                  | -                  | -                                 | 5,489            |
| - Doubtful **  | -                  | -                  | 20,711             | -                                 | 20,711           |
| Cash and cash equivalents  | 55,511             | -                  | -                  | -                                 | 55,511           |
| Time deposits  | 30,000             | -                  | -                  | -                                 | 30,000           |
| <b>Total</b>   | <b>91,000</b>      | <b>-</b>           | <b>20,711</b>      | <b>47,186</b>                     | <b>158,897</b>   |

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit risk (continued)

As at 31 December 2024

|  | 12-month<br>ECLs   | Lifetime ECLs      |                    |                                   |                  |
|--|--------------------|--------------------|--------------------|-----------------------------------|------------------|
|  | Stage 1<br>RMB'000 | Stage 2<br>RMB'000 | Stage 3<br>RMB'000 | Simplified<br>approach<br>RMB'000 | Total<br>RMB'000 |
| Accounts receivable *  | -                  | -                  | -                  | 35,487                            | 35,487           |
| Financial assets included in<br>prepayments, other<br>receivables and other assets |                    |                    |                    |                                   |                  |
| - Normal **  | 1,543              | -                  | -                  | -                                 | 1,543            |
| - Doubtful **  | -                  | -                  | 23,600             | -                                 | 23,600           |
| Cash and cash equivalents  | 56,306             | -                  | -                  | -                                 | 56,306           |
| Time deposits  | 30,000             | -                  | -                  | -                                 | 30,000           |
| Total  | <u>87,849</u>      | <u>-</u>           | <u>23,600</u>      | <u>35,487</u>                     | <u>146,936</u>   |

\* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information, respectively.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in note 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of each of the Relevant Periods, the Group had certain concentrations of credit risks and the following table summarises the Group's largest debtor and top five debtors as the percentage of the Group's total accounts receivable balances:

|                  | 31 December<br>2022<br>% | 31 December<br>2023<br>% | 31 December<br>2024<br>% |
|------------------|--------------------------|--------------------------|--------------------------|
| Largest debtor   | 33                       | 26                       | 19                       |
| Top five debtors | <u>73</u>                | <u>70</u>                | <u>67</u>                |

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)***Liquidity risk*

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

As at 31 December 2022

|   | On demand<br>or less than<br>one year<br>RMB'000 | In the<br>second to<br>fifth years<br>RMB'000 | Total<br>RMB'000 |
|---|--|---|------------------|
| Accounts payable  | 5,422  | -   | 5,422            |
| Financial liabilities included in other payables and accruals | 4,397  | -   | 4,397            |
| Interest-bearing bank and other borrowings                    | 33,843   | -   | 33,843           |
| Lease liabilities   | 2,687  | 2,495   | 5,182            |
| Financial liabilities at fair value through profit or loss    | <u>496,077</u>                                   | <u>-</u>                                      | <u>496,077</u>   |
| Total   | <u>542,426</u>                                   | <u>2,495</u>                                  | <u>544,921</u>   |

As at 31 December 2023

|   | On demand<br>or less than<br>one year<br>RMB'000 | In the<br>second to<br>fifth years<br>RMB'000 | Total<br>RMB'000 |
|---|--|---|------------------|
| Accounts payable  | 4,233  | -   | 4,233            |
| Financial liabilities included in other payables and accruals | 21,687   | -   | 21,687           |
| Interest-bearing bank and other borrowings                    | 41,451   | -   | 41,451           |
| Lease liabilities   | 2,666  | 171   | 2,837            |
| Financial liabilities at fair value through profit or loss    | <u>504,489</u>                                   | <u>-</u>                                      | <u>504,489</u>   |
| Total   | <u>574,526</u>                                   | <u>171</u>                                    | <u>574,697</u>   |

As at 31 December 2024

|   | On demand<br>or less than<br>one year<br>RMB'000 | In the<br>second to<br>fifth years<br>RMB'000 | Total<br>RMB'000 |
|---|--|---|------------------|
| Accounts payable  | 7,864  | -   | 7,864            |
| Financial liabilities included in other payables and accruals | 16,808   | -   | 16,808           |
| Interest-bearing bank and other borrowings                    | 30,629   | -   | 30,629           |
| Lease liabilities   | 1,176  | 120   | 1,296            |
| Financial liabilities at fair value through profit or loss    | <u>602,978</u>                                   | <u>-</u>                                      | <u>602,978</u>   |
| Total   | <u>659,455</u>                                   | <u>120</u>                                    | <u>659,575</u>   |

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *Capital management*

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes accounts payable, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents and non-current time deposits. Capital includes the Preferred Shares included in financial liabilities at fair value through profit or loss and equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

|   | 31 December<br>2022<br>RMB'000 | 31 December<br>2023<br>RMB'000 | 31 December<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Accounts payable  | 5,422                          | 4,233                          | 7,864                          |
| Financial liabilities included in other payables and accruals | 4,397                          | 21,687                         | 16,808                         |
| Interest-bearing bank and other borrowings                    | 30,965                         | 40,000                         | 30,000                         |
| Lease liabilities   | 4,947                          | 2,789                          | 1,286                          |
| Less: cash and cash equivalents                               | 48,354                         | 55,511                         | 56,306                         |
| non-current time deposits                                     | <u>-</u>                       | <u>30,000</u>                  | <u>30,000</u>                  |
| Net debt  | ( 2,623)                       | ( 16,802)                      | ( 30,348)                      |
| Financial liabilities at fair value through profit or loss    | 390,009                        | 403,248                        | 465,189                        |
| Equity  | ( 261,674)                     | ( 266,182)                     | ( 312,092)                     |
| Adjusted capital  | <u>128,335</u>                 | <u>137,066</u>                 | <u>153,097</u>                 |
| Capital and net debt  | <u>125,712</u>                 | <u>120,264</u>                 | <u>122,749</u>                 |
| Gearing ratio *   | <u>N/A</u>                     | <u>N/A</u>                     | <u>N/A</u>                     |

\* As at 31 December 2022, 2023 and 2024, the Group's cash and cash equivalents and non-current time deposits exceeded aggregated amounts of accounts payable, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities. As such, no gearing ratio was presented.

### 36. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to the end of the Relevant Periods, there were forfeiture and grant of share options, details of which are set out in note 29 to the Historical Financial Information.

### 37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.