



北京賽目科技股份有限公司 Beijing Saimo Technology Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2571

Annual Report
2024



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COMPANY'S PROFILE

The Group is a technology company in the PRC focusing on intelligent connected vehicle (“ICV”) simulation testing technologies, and primarily engaged in the design and R&D of ICV simulation testing products and the provision of related testing, validation and evaluation solutions. The Group’s customers primarily include the governments and SOEs, and renowned automotive manufacturers and technology companies in the PRC.

The Group has developed technological capabilities in ICV testing, validation and evaluation through continuous innovation. In 2018, the Group independently developed and commercially launched the first basic version of our ICV simulation testing, validation and evaluation tool chain – Sim Pro, which has allowed the Group to provide ICV simulation tests and related services for our customers. With continuous upgrading of Sim Pro, the first relatively advanced and comprehensive version of Sim Pro available for independent use by third parties was sold in 2020. In June 2021, Sim Pro passed the functional safety certification at ASIL D under the international standard ISO 26262, making it the first ICV simulation testing, validation and evaluation tool chain in the world to have obtained the highest-level functional safety certification. Sim Pro emerged as a significant domestic alternative to imported ICV simulation testing software and with it, China no longer needed to rely heavily upon the ICV simulation testing software developed by foreign enterprises. It also gives the Group first-mover advantage in China’s ICV simulation testing market. Further, in 2021, the Group also independently developed our functional safety (FuSa) and safety of the intended functionality (SOTIF) analysis tool for ICVs – Safety Pro, which obtained the ISO 26262 TCL 2 certification in July 2023.

In recognition of the Group’s innovation capabilities, we have been awarded a number of awards and certifications by government authorities in the PRC, including the Key Software Enterprise* (重點軟件企業), the Specialised, Sophisticated, Special and New “Little Giant” Enterprise* (專精特新「小巨人」企業) (issued by the MIIT), the Specialised, Sophisticated, Special and New “Little Giant” Enterprise of Beijing* (北京市專精特新「小巨人」企業), and the National and Zhongguancun High and New Technology Enterprise* (國家級和中關村高新技術企業).

CORPORATE INFORMATION

COMPANY NAME

Beijing Saimo Technology Co., Ltd.

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Dalin (*Chairman*)
Mr. He Feng
Ms. Ma Lei

Non-Executive Directors

Dr. Kan Zhigang
Dr. Yao Xiang
Ms. Gong Xiao

Independent Non-Executive Directors

Ms. Guo Lili
Mr. Huang Hua
Mr. Wong Ho Kwan

SUPERVISORY COMMITTEE

Dr. Cao Gang (*Chairman*)
Mr. Ni Jie
Ms. Xue Na

COMPANY SECRETARY

Ms. Leung Hoi Yan
(Appointed with effect from 28 March 2025)
Ms. Cheung Lai Ha
(Resigned with effect from 28 March 2025)

AUTHORISED REPRESENTATIVES

Mr. He Feng
Ms. Leung Hoi Yan
(Appointed with effect from 28 March 2025)
Ms. Cheung Lai Ha
(Resigned with effect from 28 March 2025)

AUDIT COMMITTEE

Ms. Guo Lili (*Chairlady*)
Mr. Huang Hua
Mr. Wong Ho Kwan

REMUNERATION COMMITTEE

Mr. Huang Hua (*Chairman*)
Ms. Guo Lili
Mr. He Feng

NOMINATION COMMITTEE

Mr. Wong Ho Kwan (*Chairman*)
Mr. Huang Hua
Mr. Hu Dalin

STRATEGY COMMITTEE

Mr. Hu Dalin (*Chairman*)
Mr. He Feng
Ms. Ma Lei

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

CEB International Capital Corporation Limited
34/F – 35/F, Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE IN THE PRC

Room 401, 4/F
No. 66 Zizhuyuan Road
Haidian District
Beijing
the PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Rooms 301, 304, 305, 306, 307 and 308
Zhongguancun International Innovation Building
No. 67 North Fourth Ring West Road
Haidian District
Beijing
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.saimo.cloud

PRINCIPAL BANK

Bank of Beijing Fuyu Branch

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

02571

DEFINITIONS AND GLOSSARY

In this Annual Report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"affiliate" or "associate companies"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM"	the annual general meeting to be held by the Company on 17 June 2025
"Annual Report"	the annual report of the Company for the year ended 31 December 2024
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 21 December 2024 which became effective upon the Listing Date, as amended, modified or supplemented from time to time
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"CCID"	China Center for Information Industry Development* (中國電子信息產業發展研究院), a public institution under the Ministry of Industry and Information Technology (the "MIIT")
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this Annual Report only, Hong Kong, the Macao Special Administrative Region and Taiwan
"Company" or "Saimo Technology"	Beijing Saimo Technology Co., Ltd. (北京賽目科技股份有限公司), incorporated under the PRC laws on 24 January 2014 as a limited liability company and converted into a joint stock company under the PRC laws on 8 November 2022
"CSTC"	China Software Testing Centre (Software and Integrated Circuit Promotion Centre of the Ministry of Industry and Information Technology)* (中國軟件評測中心(工業和信息化部軟件與集成電路促進中心))
"PRC Company Law" or "Company law"	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder Group"	Space Technology (Beijing) Co., Ltd.* (空格科技(北京)有限公司), Beijing Tongda Chengye Technology Centre (Limited Partnership)* (北京通達成業科技中心(有限合夥)), Mr. Hu Dalin, Ms. Ma Lei and Mr. He Feng, being a group of controlling Shareholders of our Company pursuant to the Listing Rules
"Director(s)"	the director(s) of our Company
"FY2023"	the financial year ended 31 December 2023
"Global Offering"	the global offering of 33,333,400 H Shares in total. No H share has been issued by the Company pursuant to the Over-allotment Option

DEFINITIONS AND GLOSSARY

"Group", "our Group", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiary(ies), as the context may require)
"H Share(s)"	overseas-listed share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Shareholder(s)"	holders of H Shares
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS(s)"	IFRS Accounting Standards, which include standard(s) and interpretation(s) promulgated by the International Accounting Standards Board, as amended from time to time
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange, i.e. 15 January 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Management Group"	collectively, Mr. Hu Dalin, Mr. He Feng and Ms. Ma Lei
"Nomination Committee"	the nomination committee of our Board
"Prospectus"	the prospectus issued by the Company on 31 December 2024, which is published on the websites of the Company and the Stock Exchange
"Remuneration Committee"	the remuneration and appraisal committee of our Board
"Reporting Period" or "FY2024"	the financial year ended 31 December 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

DEFINITIONS AND GLOSSARY

"Saidi Group"	Saidi Group Institute of Industry and Information Technology (Group) Co., Ltd.* (賽迪工業和信息化研究院(集團)有限公司) (formerly known as Saidi Industry and Information Technology Research Institute Co., Ltd.* (賽迪工業和信息化研究院有限公司) and Saidi Information Industry (Group) Co., Ltd.* (賽迪信息產業(集團)有限公司)), a limited liability company established in the PRC on 13 September 1995 and an indirect Shareholder of our Company through its controlled interest in Saidi Testing and Certification Centre Co., Ltd.* (賽迪檢測認證中心有限公司), a substantial Shareholder of our Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shares(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of our Board
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	the supervisory committee of our Company
"Unlisted Shares"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are not currently listed or traded on any stock exchange
"Unlisted Shareholder(s)"	holders of Unlisted Shares
"%"	percent

In this Annual Report, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiaries" and "substantial shareholder", "controlling shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English translation of the original names in Chinese or another language of the nationals, entities, enterprises, organisations, institutions, government authorities, departments, facilities, awards, certificates, titles, laws and regulations concerned included in this Annual Report which are marked with "*" is for identification purpose only. To the extent that there is any inconsistency, the original names in Chinese or another language shall prevail.

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	2024 RMB'000	Year ended 31 December			
		2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	221,883	175,703	145,385	106,906	71,203
Cost of sales	(70,088)	(51,139)	(50,009)	(42,862)	(19,806)
Gross profit	151,795	124,564	95,376	64,044	51,397
Profit before income tax	56,968	50,755	48,686	39,131	52,514
Income tax (expenses)/credit	(1,874)	2,676	–	(1,560)	(935)
Profit for the year	55,094	53,431	48,686	37,571	51,579
Profit/(loss) attributable to:					
– Owners of the Company	53,666	55,479	50,330	37,747	51,579
– Non-controlling interests	1,428	(2,048)	(1,644)	(176)	–
	55,094	53,431	48,686	37,571	51,579

FINANCIAL SUMMARY

ASSETS, LIABILITIES AND EQUITY

		As at 31 December,			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
ASSETS					
Non-current assets	172,251	151,481	102,118	40,174	33,251
Current assets	495,709	449,333	442,641	275,790	76,720
Total assets	667,960	600,814	544,759	315,964	109,971
LIABILITIES					
Non-current liabilities	44,775	42,149	25,061	9,169	8,154
Current liabilities	65,477	57,253	72,855	41,773	31,772
Total liabilities	110,252	99,402	97,916	50,942	39,926
Net assets	557,708	501,412	446,843	265,022	70,045
EQUITY					
Equity attributable to owners of the Company	553,578	498,710	442,293	258,828	70,045
Non-controlling interests	4,130	2,702	4,550	6,194	–
Total equity	557,708	501,412	446,843	265,022	70,045

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am hereby pleased to present the Annual Report of the Group for the year ended 31 December 2024, and express our heartfelt gratitude to friends (including shareholders, customers, partners and all employees) from all walks of life for their long attention and support to Saimo Technology.

2024 was a year filled with opportunities and challenges. Against the backdrop of accelerated global technological innovation and the vigorous development of the intelligent connected vehicle (ICV) industry, the Group has steadily advanced its business operations through exceptional technical strength, forward-looking market layout, and efficient execution, further consolidating the leading position in the fields of ICV testing, validation and evaluation. We not only continued to optimize our core products – Sim Pro and Safety Pro – and deepen technological innovation but also actively expanded application scenarios to promote the safe implementation of intelligent driving technologies, contributing to the growth of the industry.

These achievements, hard-won and invaluable, would not have been possible without the diligent efforts of all employees, the strong support of our partners, and the trust and favor from all sectors of society. Looking ahead, the Group will continue to uphold an innovation-driven strategy, stay closely aligned with industry trends, strengthen technological research and development as well as market expansion, enhance service quality, create greater value for shareholders, and provide higher-quality solutions for the development of the industry.

Once again, we sincerely appreciate your attention and support for Saimo Technology. Let us forge ahead and co-create a brighter future together!

Mr. Hu Dalin

Chairman

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SUMMARY

We are a technology company in the PRC focusing on ICV simulation testing technologies, and primarily engaged in the design and R&D of ICV simulation testing products and the provision of related testing, validation and evaluation solutions. ICVs refer to a road vehicle equipped with advanced sensors, controllers, and actuators, and is designed with the intelligent and cooperative driving functions. The Group also started to extend the applications of our technologies in other industries. The Group mainly offers (i) ICV simulation testing software and platforms; (ii) ICV data platforms and other products; (iii) ICV testing and related services; and (iv) advisory and other services.

The Group offers ICV testing, validation and evaluation products and services to customers mainly based on our self-developed and proprietary core technological tools – (i) Sim Pro, a full-stack ICV simulation testing, validation and evaluation tool chain (in support of scenario databases and cloud (SaaS) deployment); and (ii) Safety Pro, a FuSa and SOTIF analysis tool. Leveraging its proprietary software and hardware integration capabilities and services, the Group is able to provide customised solutions catering to specific needs of our customers in a flexible, speedy and cost-effective manner. The Group mainly generates revenue from the provision of comprehensive ICV testing, validation and evaluation solutions to state-owned enterprises (“SOEs”) and government authorities in the public sector and automotive manufacturers and technology companies in the private sector.

MARKET OVERVIEW

With the government’s support for ICV technology and increasing acceptance of functions of intelligent vehicles among customers, the ICV industry is embracing its rapid growth. The advancement and universal application of technology have led to a continuous increase in the demand for ICV simulation testing technology, presenting enormous development opportunities for enterprises within the industry. As a leading enterprise, the Group possesses formidable technological advantages and a robust market position, which positions us to methodically expand our operations, seize market opportunities, and achieve sustainable growth.

During the Reporting Period, the Group actively expanded its business operations and ramped up investment in research and development. Meanwhile, we keep abreast of industry trends and regulatory policies, consistently enhancing the quality of our products and services to adapt to the ever-changing market and cater to the personalized needs of our clients. These efforts have laid a solid foundation for our business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS PERFORMANCE

During the Reporting Period, benefiting from the continuous development of intelligent driving technologies and increasing acceptance of ICVs in China, as well as the Group's constant optimisation and existing solutions upgrade, increased investment in innovation and enhancement of new products, the business performance of Group's ICV testing, validation and evaluation solutions has experienced steady growth. The Group achieved growth in both revenue and profit for the year. For the FY2024, the Group achieved revenue of approximately RMB221.9 million and net profit of approximately RMB55.1 million, representing an increase of 26.3% and 3.1% respectively as compared with the FY2023.

Business performance by product/service type

ICV simulation testing software and platforms, ICV data platforms and other products

The Group's products mainly include (i) ICV simulation testing software and platforms; and (ii) ICV data platforms and other products, which are primarily used for testing, validating and evaluating the functional completeness and safety of ICV intelligent driving solutions (including algorithms and their related key components of the intelligent driving system of an ICV), supporting effective regulation and decision-making of ICVs and constructing intelligent connected data centres or intelligent transportation platforms, or meeting regulatory requirements regarding over the air ("OTA") upgrading of vehicles.

In terms of ICV simulation testing software and platforms, during the Reporting Period, the Group's revenue from the sale of ICV simulation testing software and platforms amounted to approximately RMB133.8 million, representing an increase of 33.1% as compared with the FY2023. As for ICV simulation testing platforms, the Group supports the development of customised functions to cater to different needs of our customers. The ICV simulation testing platforms implemented by the Group for our customers were either cloud-based (i.e. SaaS solutions) or non-cloud based.

In particular, the year 2024 witnessed a significant progress for the Group in the field of the ICV simulation testing technology. The Group achieved remarkable results in customer expansion and successfully fostered long-term relationships with a number of well-known automobile manufacturers and technology companies. These co-operations have brought us more business opportunities and growth potential. In terms of ICV simulation testing platform, we continued to upgrade our technology and optimize our function so as to ensure that our platform could meet the increasing testing needs of our customers. Our SaaS solutions have demonstrated great flexibility and expandability in cloud deployment and have been well received by our customers. Furthermore, the Group has continued to invest in research and development in the area of innovation, promoting technological innovation and product upgrades to provide customers with more advanced and efficient ICV testing, validation and evaluation solutions. These innovations have not only bolstered our market competitiveness, but also injected new momentum into our business growth. In respect of ICV simulation testing standalone software products, the Group's standalone software products were sold to end customers by way of either direct sales or indirect sales. In 2024, our ICV simulation testing standalone software products received recognition in the market for their high quality and excellent performance.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of ICV data platforms and other products, during the Reporting Period, the Group recognised revenue from the sale of ICV data platforms and other products of approximately RMB20.6 million, representing an increase of 3.5% as compared with the FY2023. As for ICV data platforms, the Group had been involved in the building of ICV data platforms in various cities in the PRC.

In 2024, we successfully expanded several important customers, who brought abundant data resources and application scenarios to our data platform. We continued to optimize the function and performance of our data platform, enhance the efficiency of data processing and analysis, and provide more accurate and efficient data services to our customers through intensive co-operation with these customers. In respect of other products, the Group offers certain hardware parts and components (such as servers, central processing units (CPU) and computer memory (i.e. random access memory (RAM))) or OTA platform to the customers. During the Reporting Period, the Group's revenue from the sale of other products amounted to nil.

Although we did not achieve direct revenue from the sales of other products in 2024, this does not mean that our efforts and investments in this area were inadequate. We have been actively exploring and developing hardware products that are compatible with the ICV simulation testing platforms and ICV data platforms and other products and products related to OTA regulation, in an effort to provide our customers with a more complete one-stop solution, through in-depth collaboration with multiple hardware suppliers, we have continuously optimized product performance and improved product quality, laying a solid foundation for future market expansion. We believe that with the growing market demand for ICV technology, our other product sales businesses will also experience new growth opportunities.

ICV testing and related services, and advisory and other services

The Group's services include the provision of (i) ICV testing and related services; and (ii) advisory and other services, which help customers test, validate and evaluate the safety and driving capabilities of ICVs, help customers operate and maintain ICV-related platforms. We also offer advice and technical assistance in respect of ICV-related policies, laws and regulations as well as industry standards, assist government authorities in organising conferences and seminars in the ICV and related industries and help government authorities and technology companies in the testing, operation management and other activities of drones.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of ICV testing and related services, the Group is capable of providing customers with comprehensive ICV testing and related services, including (i) simulation tests and related services (which generally require the use of the Group's core technologies, including Sim Pro); (ii) closed-course site tests and related services; and (iii) platform operation and maintenance services.

In 2024, relying on our proprietary Sim Pro technology, our simulation testing and related services enabled comprehensive testing and validation of ICV intelligent driving solutions to ensure their functional integrity and safety. Our closed-course site testing and related services provided customers with a real testing environment to enable them to better understand the performance of their ICV products in actual applications. Moreover, our platform operation and maintenance services saved our customers tremendous manpower and material costs and improved their operational efficiency. Among these services, we were featured by providing highly customized solutions. Based on the different needs of our customers, we were able to provide them with suitable testing and operation and maintenance solutions which were tailor-made. Our professional team also maintained close communication with our customers to ensure that our services always meet their expectations and needs.

During the Reporting Period, the Group's revenue from ICV testing and related services amounted to approximately RMB37.9 million.

In terms of advisory and other services, the Group offers advisory and other services to the PRC government authorities or SOEs in the public sector and automotive manufacturers in the private sector. In respect of the Group's advisory services, the Group assists automotive manufacturers in understanding and complying with the ICV-related domestic and international laws, regulations and/or standards, in particular those relating to software upgrade, OTA technology, simulation testing, SOTIF, FuSa, cyber security and data security matters concerning ICVs, by (i) reviewing materials (including R&D and production policies, safety manuals, user manuals, etc.) of our customers and/or their ICV products; and (ii) issuing advisory report which includes policy updates as well as the Group's advice in relation to improving the technologies and/or products of the relevant customers. For the Group's other services, the Group assists government authorities or their SOEs in organising conferences and seminars in the ICV and related industries. During the Reporting Period, the Group's revenue from advisory and other services amounted to approximately RMB29.5 million representing an increase of 80.9% as compared with the FY2023.

On the whole, the Group achieved significant results in 2024 in terms of advisory and other services. Our consultancy services have successfully assisted a number of automobile manufacturers in improving the safety and compliance of their products through insight and expertise in ICV-related laws, regulations and standards. Our team not only carefully reviewed the customers' materials, but also provided specific advice and improvement solutions based on the latest policy developments. Further, we have achieved excellent performance in assisting government departments in organizing ICV and related industry conferences and seminars. These activities have not only facilitated exchanges and co-operation within the industry, but also enhanced the Group's popularity and influence in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND FUTURE PLAN

Going forward, the Group will maintain its strong commitment to and focus on independent innovation to follow the national development strategies, and increase its investment to R&D and technological innovation, to continuously enhance the core competitiveness of its products and services, capture greater market share in the PRC and further develop and expand its business in overseas markets and other areas. In order to achieve this objective, the Group will pursue the following strategies:

The Group plans to continue to optimise and upgrade its existing solutions and strengthen its technological advantages

The continued growth of the Group during the Reporting Period has been founded upon the successful launch and commercialisation of its core technological tools Sim Pro, Safety Pro and other solutions, and the Group believes that its future success will continue to be closely related to its ability to develop or improve such tools and related technologies. As such, the Group plans to increase its investment in the continuous optimisation and upgrade of its existing solutions:

- Sim Pro: Upgrading and optimising models for an array of real-world physical sensors such as cameras, LiDAR and millimetre-wave radar, upgrading and optimising the vehicle-cloud-vehicle data closed-loop based on cloud simulation, upgrading and optimising the module within Sim Pro that enhances the performance of the XiL testing.
- Safety Pro: Upgrading and optimising the new function of intelligent analysis, upgrading and optimising the function of automatic generation of FuSa and SOTIF scenario databases.
- Traffic Pro: Optimising the high-precision real-time data processing engine, developing more optimisation algorithms for intelligent signal light based on deep learning and big data analysis, enhancing the compatibility of Traffic Pro with different software and systems.
- SceCo Pro: Developing the function of integrating data from multiple sources, such as data collected from sensors on the vehicles and map data, developing the function of cloud deployment, developing the function of automatic generation of customised scenarios.

The Group plans to increase its investment in the innovation and enhancement of new products and solidify its market position in the ICV testing, validation and evaluation solutions industry

In order to maintain its competitiveness in the industry, the Group will continue to develop and commercialise new products and continuously diversify its product portfolio in respect of ICV testing, validation and evaluation. In the near term, the Group intends to focus its efforts on the following tools which are developed based on one or more modules within its Sim Pro tool chain, which include SGO Pro, DB Pro, Cloud Pro. With its continued R&D investment, the Group believes it is able to stay at the forefront of simulation technology development and product innovations to better serve the demands of customers in the rapidly evolving ICV industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group plans to grow its customer base and geographically expand its market coverage

The Group plans to further expand its geographic coverage and deepen its customer relationships to accommodate the market growth and capture greater business opportunities in the ICV testing, validation and evaluation solutions industry and strengthen its market position. Specifically, The Group plans to expand its business into more cities in China where many market players in the automotive and ICV industries are located or where laws, regulations and policies supportive of the industry development are in place. The Group would also consider setting up representative office and R&D center in Hong Kong so as to lay the groundwork for expanding its presence in overseas markets, and exploring opportunities with overseas partners to introduce the Group's solutions into more international markets. In executing the above expansion plans, the Group intends to enhance its sales and marketing efforts through (i) expanding and improving the capabilities of its domestic sales and marketing team; and (ii) participating in and organising more industry events such as conferences, seminars and trade fairs in mainland China and Hong Kong. With its established industry reputation and technological capabilities, the Group believes it is capable of acquiring new customers and undertake more ICV testing, validation and evaluation-related projects in the coming years.

The Group plans to grow its talent pool to support its business development plans

The Group believes that technical talents are essential for it to pursue technology innovations and carry out its product development plans. The Group will continue to invest in and expand its R&D team by attracting technical staff with extensive expertise and experience in areas such as software development, algorithms, vehicle testing, industry research and product design, so as to execute its R&D strategies. Apart from R&D talents, the Group will also focus on recruiting more professionals with (i) sales and marketing expertise and experiences to support its domestic expansion plans; and (ii) management expertise and experiences, especially in relation to project management and execution, to enhance the operational and managerial capabilities of its management team. The Group will also optimise its talent training system constantly to facilitate the technical and occupational development of its employees and offer them a platform to achieve future success.

The Group plans to expand the application of simulation technologies and explore business opportunities in other industries

With its proprietary core technologies as well as technical know-how and expertise accumulated over the years, the Group plans to explore new commercialisation opportunities and application scenarios of its simulation technologies in the following areas:

- Drone-related solutions: Leveraging its experiences from such projects, the Group aims to further increase its involvement in assisting both public and private sector customers in the operation management, testing and commercial application of drones, in particular, government authorities and technology companies.
- Digital city twin: The Group expects that government authorities and other public sector organisations (such as universities and research institutes) will have increasing demand for digital city twin solutions to facilitate their administration or research activities in respect of urban transportation improvement.
- Intelligent agriculture: The Group also plans to work on the R&D and, more importantly, the commercialisation of simulation solutions to test intelligent agriculture machines, which are expected to target customers in the intelligent agriculture market, in particular, manufacturers of such intelligent products.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group offers ICV testing, validation and evaluation products and services to customers. During the Reporting Period, revenue of the Group was derived from (i) the sale of its products; and (ii) the provision of its services. The revenue of the Group increased by RMB46.2 million (or approximately 26.3%) from RMB175.7 million in FY2023 to RMB221.9 million in FY2024, which was mainly due to an increase in revenue generated from ICV simulation testing software and platforms and advisory and other services. The following table sets forth a breakdown of our revenue attributable to our products and services for the periods indicated:

Revenue contributed from	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Products				
– ICV simulation testing software and platforms	133,793	60.3	100,492	57.2
– ICV data platforms and other products	20,621	9.3	19,921	11.3
Subtotal	154,414	69.6	120,413	68.5
Services				
– ICV testing and related services	37,941	17.1	38,970	22.2
– Advisory and other services	29,528	13.3	16,320	9.3
Subtotal	67,469	30.4	55,290	31.5
Total revenue	221,883	100	175,703	100

Cost of sales

Cost of sales of the Group increased by RMB19.0 million (or approximately 37.1%) from RMB51.1 million in FY2023 to RMB70.1 million in FY2024, which was mainly due to an increase in cost of operation resulting from the expansion of revenue and an increase in hardware procurement.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Gross profit of the Group increased by RMB27.2 million (or approximately 21.9%) from RMB124.6 million in FY2023 to RMB151.8 million in FY2024, which was mainly due to an increase in gross profit resulting from the expansion of revenue. The overall gross profit margin of the Group decreased from 70.9% in FY2023 to 68.4% in FY2024, which was mainly due to a slight decline in gross profit margin resulting from more hardware and customization needs from customers for two revenue categories, being the ICV simulation testing software and platforms and ICV data platforms and other products.

Other income

Other income of the Group decreased by RMB15.8 million (or approximately 38.7%) from RMB40.9 million in FY2023 to RMB25.1 million in FY2024, which was mainly due to a decrease in related government grants resulting from the settlement of certain government contracts.

Other gains, net

Other gains, net of the Group increased by RMB1.6 million (or approximately 138.9%) from RMB1.2 million in FY2023 to RMB2.8 million in FY2024, which was mainly due to an increase in gains on fair value changes on financial assets at fair value through profit or loss in relation to our unlisted equity securities in connection with the investment of Guoqi Intelligent Control (Beijing) Technology Co., Ltd. ("Guoqi Intelligent Control").

Selling and marketing expenses

Selling and marketing expenses of the Group increased by RMB3.2 million (or approximately 41.2%) from RMB7.7 million in FY2023 to RMB10.9 million in FY2024, which was mainly due to the expansion of our sales and marketing team along with the business growth.

General and administrative expenses

General and administrative expenses of the Group decreased by RMB1.6 million (or approximately 4.8%) from RMB31.5 million in FY2023 to RMB29.9 million in FY2024, which was mainly due to a decrease in the depreciation and amortization expenses for equipment and intangible assets and lower labor costs due to a slight decrease in the number of management members.

R&D expenses

R&D expenses of the Group increased by RMB14.6 million (or approximately 20.4%) from RMB71.3 million in FY2023 to RMB85.9 million in FY2024, which was mainly due to an increase in depreciation and amortization expenses of equipment and intangible assets and an increase in depreciation expenses of right-of-use assets.

Credit loss allowance recognised

Credit loss allowance recognised by the Group decreased by RMB6.8 million (or approximately 96.6%) from RMB7.0 million in FY2023 to RMB0.2 million in FY2024, which was mainly due to the collection of long-term outstanding trade and notes receivables aged over two years as at 31 December 2023 in FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of (loss)/profit of investments accounted for using the equity method

Share of profit of investments accounted for using the equity method of the Group decreased by RMB0.6 million (or approximately 1,790.9%) from a profit of RMB33,000 in FY2023 to a loss of RMB0.6 million in FY2024, which was mainly due to the change of operating results of our associate, namely Beijing Dysprosium Data Technology Co., Ltd. ("Beijing Dysprosium") in FY2024 as compared to that of FY2023.

Finance income, net

Finance income, net of the Group increased by RMB3.1 million (or approximately 190.8%) from RMB1.7 million in FY2023 to RMB4.8 million in FY2024, which was mainly due to the increase of interest income of deposits.

Income tax (expenses)/credit

Income tax expense of the Group in FY2024 was RMB1.9 million, changing from the income tax credit of RMB2.7 million in FY2023, which was mainly due to the recognition of deferred income tax liabilities of approximately RMB3.6 million and recognition of deferred income tax assets of approximately RMB1.7 million in 2024.

Profit for the year

Profit for the year of the Group increased by RMB1.7 million (or approximately 3.1%) from RMB53.4 million in FY2023 to RMB55.1 million in FY2024, which was mainly due to the increase in gross profit of approximately RMB27.2 million, partially offset by (i) the decrease in other income; (ii) the increase in R&D expenses and selling and marketing expenses; and (iii) the increase in income tax expenses.

Non-IFRS measure

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, our Group also uses adjusted profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The Group believes that this non-IFRS measure facilitates comparisons of our operating performance between different financial years and different entities by eliminating the potential impact of certain items. The Group also believes that this non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other entities. The use of this non-IFRS measure has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for an analysis of, results of operations or financial condition of the Group as reported under IFRSs. The Group defines adjusted profit (non-IFRS measure) as profit for the year which is adjusted by eliminating (i) share-based payment expenses; and (ii) listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table reconciles our adjusted profit for the year indicated (non-IFRS measure) presented in accordance with IFRSs, which is profit for the year indicated:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit for the year	55,094	53,431
Add:		
– Share-based payment expenses (Note 1)	1,202	938
– Listing expenses (Note 2)	470	606
Adjusted profit for the year (non-IFRS measure)	56,766	54,975

Notes:

- (1) Share-based payment expenses are adjusted for as they are non-cash in nature and do not result in cash outflow.
- (2) Listing expenses are adjusted for as they were incurred for the purpose of the Listing.

Equipment, right-of-use assets and intangible assets

The equipment of the Group decreased from RMB62.3 million as at 31 December 2023 to RMB37.9 million as at 31 December 2024, mainly as a result of depreciation of equipment. The right-of-use assets of the Group increased from RMB26.3 million as at 31 December 2023 to RMB49.0 million as at 31 December 2024, mainly as a result of lease renewal of the National Intelligent Vehicles and Intelligent Transport (Jing Ji) Demonstration Zone Shunyi Base ("Shunyi Testing Site"). The intangible assets of the Group increased from RMB31.7 million as at 31 December 2023 to RMB52.3 million as at 31 December 2024, which was mainly due to the new addition of intangible assets, partially offset by amortisation of intangible assets. The intangible assets primarily represent simulation, modelling and algorithm software programmes of the Group for its government-commissioned projects and R&D purpose, internally generated intangible assets and other business and financial software for its business operations.

Financial assets at fair value through profit or loss

Total financial assets at fair value through profit or loss of the Group decreased from RMB138.1 million as at 31 December 2023 to RMB35.8 million as at 31 December 2024, which was mainly due to the redemption of wealth management products in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and notes receivables

Trade and notes receivables of the Group increased from RMB165.7 million as at 31 December 2023 to RMB191.3 million as at 31 December 2024, which was mainly due to an increase in trade receivables and notes receivables resulting from an increase in revenue while the majority of revenue in FY2024 being recognized in the second half of the year. Trade and notes receivables turnover days in FY2024 amounted to 293.6 days (FY2023: 317.5 days).

Prepayments and other receivables

Prepayments and other receivables of the Group amounted to RMB59.6 million as at 31 December 2024, representing an increase of RMB20.1 million as compared to RMB39.5 million as at 31 December 2023, which was mainly due to an increase in listing expenses to be capitalized and the increase in prepayments to suppliers for procurement services.

Current assets

Current assets of the Group increased from RMB449.3 million as at 31 December 2023 to RMB495.7 million as at 31 December 2024, which was mainly due to an increase in cash and cash equivalents, contract fulfillment costs, trade receivables and notes receivables, among others.

LIQUIDITY AND CAPITAL RESOURCES

The Group finances operations primarily through a combination of (i) capital contribution; and (ii) operating cash flows. The cash and cash equivalents of the Group increased from RMB118.4 million as at 31 December 2023 to RMB208.3 million as at 31 December 2024, which was mainly attributable to the redemption of wealth management products in 2024. As of 31 December 2024, the cash and cash equivalents of the Group were denominated in RMB.

The Group adopts a prudent financial management approach towards its treasury policies. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Net cash generated from operating activities

Net cash generated from operating activities of the Group decreased by RMB5.7 million (or approximately 11.3%) from RMB50.5 million in FY2023 to RMB44.8 million in FY2024, which was mainly attributable to our net cash generated from operations comprising operating cash flows before movements in working capital of approximately RMB107.5 million and adjustments for changes in working capital of RMB66.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash generated from/(used in) investing activities

The Group recorded net cash generated from investing activities of RMB73.9 million in FY2024 compared to the net cash used in investing activities of RMB52.6 million in FY2023, which was mainly attributable to (i) an increase of RMB151.0 million in the redemption of wealth management products; (ii) a decrease of RMB25.7 million in cash payment for the purchase of equipment, intangible assets, and other long-term assets, which was partially offset by a decrease in cash received from government grants related to assets and an increase in the purchases of wealth management products.

Net cash used in financing activities

Net cash used in financing activities of the Group decreased by RMB1.8 million (or approximately 5.8%) from RMB30.5 million in FY2023 to RMB28.7 million in FY2024, which was mainly attributable to a decrease in listing expenses to be capitalized of RMB4.8 million and the increase in payments for lease liabilities of RMB3.0 million.

Borrowings

As of 31 December 2024, we did not have any external borrowings or loans.

Lease liabilities

The lease liabilities of the Group amounted to RMB61.8 million as at 31 December 2024, representing an increase of RMB21.3 million as compared to RMB40.5 million as at 31 December 2023, which was mainly due to the renewal of the Shunyi Testing Site.

Trade and notes payables

Trade and notes payables of the Group decreased from RMB7.2 million as at 31 December 2023 to RMB5.7 million as at 31 December 2024, which was mainly due to the settlement of our partial trade payables as at 31 December 2023 in FY2024. The trade and notes payables turnover days for FY2024 was 33.6 days (FY2023: 88.2 days).

Gearing ratio

As of 31 December 2024, the Group's gearing ratio which was calculated as the percentage of bank borrowings to total equity was 0.

Pledge of assets

As at 31 December 2024, the Group did not have any pledged assets.

Foreign exchange risk

The Group was not exposed to any exchange loss due to foreign exchange rate fluctuation in FY2024 (FY2023: nil). The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Contingent liabilities

As of 31 December 2024, the Group did not have any significant contingent liabilities.

Capital commitments

The Group's capital commitments not yet paid increased from nil as of 31 December 2023 to RMB1.2 million as at 31 December 2024 as a result of newly additional investment in Beijing Liyi Technology Co., Ltd. (北京勵翼科技有限公司).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2024, save as disclosed in this Annual Report, the Company had no significant investments.

In FY2024, save as disclosed in this Annual Report, the Company had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group has no other future plans for any other material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2024, the Group had a total of 187 employees (as of 31 December 2023: 181). In FY2024, the Group’s staff cost amounted to approximately RMB71.2 million (FY2023: approximately RMB72.3 million).

The Group’s employee remuneration policy is determined by taking into account factors such as the remuneration in the local market, the overall remuneration level in the industry, operating efficiency, position and employees’ performance. We provide both internal and external training sessions to our employees to improve their work performances. Our internal training includes induction training and on-the-job training which can be conducted either physically or remotely. It covers various aspects of our employees’ development, which include, among other things, data security awareness, general skills, professional skills and management capabilities. We also encourage and, to some extent, sponsor our employees to attend external training programmes from time to time to further improve their technical knowledge and professional skills. In addition to basic salaries, our employees are entitled to annual discretionary bonuses based on our employees’ job performance. We had the Employee Incentive Scheme to motivate our key management and skilled personnel. We participate in housing fund and employee social security plans organised by applicable local PRC government authorities, including housing provident fund, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we have made contributions at specified percentages of the salaries of our employees in the PRC where applicable.

The Group offers our executive Directors, Supervisors and senior management members, who are also employees of our Company, emolument in the form of remuneration, pension, discretionary bonus and other welfares. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairperson of Board committees).

During the year ended 31 December 2024, the Group did not experience any major difficulties in recruitment, nor experience any substantial loss in manpower or any material labor dispute.

SIGNIFICANT EVENTS AFTER THE YEAR

The Company has been successfully listed on the Stock Exchange following the completion of Global Offering of ordinary shares of the Company, including, a public offering in Hong Kong of 3,333,400 H shares and an international offering of 30,000,000 H shares, at a price of HK\$12.99 per share on the Listing Date.

Save as disclosed above, there were no other material and important events affecting the Group that had occurred after 31 December 2024 and up to the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

MR. HU DALIN

Mr. Hu Dalin (胡大林), aged 45, was appointed as our Director in October 2018 and subsequently, has been appointed as chairman of the Board of our Company since December 2019. He has been reclassified as our executive Director since December 2022. He is primarily responsible for overseeing the day-to-day operations and overall business strategy and planning of our Group.

Mr. Hu has extensive experience in industrial software development and design. Mr. Hu joined Beijing Yuanxin Xingye Technology Co., Ltd.* (北京遠新興業科技有限公司), a company which engages in the design and development of industrial appliances and software, in November 2010 as a supervisor and was appointed as the executive director and general manager from January 2011 to July 2017. Mr. Hu is a member of the Management Group, together with other members of the Management Group, commenced the R&D of the Group's proprietary core technologies and testing tools, including the predecessor of Sim Pro in mid-2017 and subsequently commenced the Group's ICV testing-related business. Mr. Hu served as the general manager of our Company from December 2018 to December 2019 where he was responsible for daily operations and management of our Company as well as product planning.

Mr. Hu graduated from Beijing Institute of Technology (北京理工大學) with a bachelor's degree in ammunition engineering and explosive technology in July 2001.

MR. HE FENG

Mr. He Feng (何豐), aged 46, was appointed as our Director in October 2018 and our general manager since December 2019. He has been appointed as Board secretary since October 2022 and has been reclassified as our executive Director since December 2022. He is primarily responsible for overseeing the day-to-day operations of our Group.

Mr. He has extensive experience in the R&D of testing, validation and evaluation system. Mr. He joined Beijing Yuanxi Technology Company Limited* (北京遠西科技有限公司), a company engages in the technological development of mechanical and vehicle appliances, in June 2009 as the technical director where he was responsible for product design and development and was appointed as the general manager from April 2017 to September 2019 where he was responsible for strategic planning and the day-to-day operations of the company. Mr. He is a member of the Management Group, together with other members of the Management Group, commenced the Group's ICV testing-related business. Mr. He was appointed as our chief operating officer from December 2018 to December 2019 where he was mainly in charge of the R&D of ICV simulation testing solutions.

Mr. He graduated from Beijing Institute of Technology (北京理工大學) with a bachelor's degree in mechanical and electrical engineering in July 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

MS. MA LEI

Ms. Ma Lei (馬蕾), aged 57, was appointed as our Director in October 2018. She has been appointed as deputy general manager since October 2022 and has been reclassified as our executive Director since December 2022. She is primarily responsible for handling public relations and overseeing the day-to-day operations of our Group.

Ms. Ma has extensive experience in the technology-related industry (including experience in public relations). Prior to joining our Group, Ms. Ma served as the manager of planning department at Shanghai Microtek Technology Co., Ltd.* (上海中晶科技有限公司) from February 1995 to May 2001 where the company specialises in, among other things, the manufacturing and sales of computer hardware, software and peripheral equipment. From September 2005 to May 2012, Ms. Ma joined and served as the secretary-general of Beijing Informatization Association (北京信息化協會) where the association specialises in, among other things, industry research and consulting services. From June 2012 to February 2015, Ms. Ma served as the general manager of Beijing Jiuzhou Jin Xiu Technology Cultural Development Company Limited* (北京九州錦繡科技文化發展有限公司) where the company organises cultural and artistic exchange activities and specialises in technological development. Ms. Ma was the general manager of Beijing Didao Fengwu Technology Co., Ltd* (北京地道風物科技有限公司) where she served as the deputy general manager from April 2015 to June 2018 and was in charge of public relations and government matter. Ms. Ma is a member of the Management Group, together with other members of the Management Group, commenced the Group's ICV testing-related business. Ms. Ma also served as the Group's vice president of public relations from December 2021 to October 2022.

Ms. Ma graduated from Capital Normal University (首都師範大學) in the PRC in July 1992 and obtained a college graduate certificate majoring in library and information studies.

NON-EXECUTIVE DIRECTORS

DR. KAN ZHIGANG

Dr. Kan Zhigang (闕志剛), aged 54, was appointed as our Director in January 2014 and has been subsequently reclassified as our non-executive Director since December 2022. He is primarily responsible for providing guidance and advice on the corporate and business strategies to the Board.

Dr. Kan has over 11 years of experience in software development. Prior to joining our Group, Dr. Kan worked at Nokia (China) Investment Co., Ltd. from May 2001 to November 2007 where he last served as a software manager. In December 2007, Dr. Kan joined Symantec Software (Beijing) Co., Ltd where he last served as the development director. Dr. Kan founded Beijing Bang Bang (being a shareholder of our Company) in June 2010 and has been a director and the chief executive officer of Beijing Bang Bang since June 2010.

Dr. Kan obtained a doctorate degree in computer science and technology in Beihang University (北京航空航天大學) in January 2002.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DR. YAO XIANG

Dr. Yao Xiang (姚翔), aged 43, was appointed as our Director in March 2018 and has been subsequently reclassified as our non-executive Director since December 2022. He is primarily responsible for providing guidance and advice on the corporate and business strategies to the Board.

Dr. Yao has over 10 years of experience in the IT industry. From July 2013 to May 2018, Dr. Yao worked at the strategic studies and platform operation management division of CSTC as a senior consultant where he was responsible for strategic planning research in IT-related fields. Subsequently from June 2018 to April 2021, Dr. Yao worked at the CCID as a cadre of the operation and management division, where he was responsible for foreign investment management. Since April 2021, he has been promoted to the position of deputy director of the operation and management division where he is also responsible for foreign investment management.

Dr. Yao graduated from Shanxi Normal University (山西師範大學) with a bachelor's degree in public service administration in July 2006. He obtained a master postgraduate degree at Beijing Normal University (北京師範大學) majoring in educational economics and management in July 2009. Dr. Yao graduated as a doctoral student in management science and engineering from University of Chinese Academy of Sciences (中國科學院大學) in July 2013.

MS. GONG XIAO

Ms. Gong Xiao (鞏瀟), aged 39, was appointed as our Director in February 2022 and has been subsequently reclassified as our non-executive Director since December 2022. She is primarily responsible for providing guidance and advice on the corporate and business strategies to the Board.

Ms. Gong has over nine years of experience in testing and evaluation engineering. Ms. Gong had worked and held positions in various entities of the CSTC starting from April 2014, including the Beijing Saidi Industrial Control System Evaluation Engineering Technology Centre Co., Ltd.* (北京賽迪工業控制系统評測工程技術中心有限公司) and the Beijing Saidi Robot Evaluation Engineering Technology Centre Co., Ltd.* (北京賽迪機器人測評工程技術中心有限公司). From March 2017 to November 2021, Ms. Gong worked at Beijing Saidi Robot Evaluation Engineering Technology Centre Co., Ltd.* (北京賽迪機器人測評工程技術中心有限公司) of CSTC where she last served as the general manager and was responsible for robot inspection and certification-related business matters. Since November 2021, she has been the general manager of the ICV Evaluation Engineering Technology Centre* (智能網聯汽車測評工程技術中心) of the CSTC and the Robot and Intelligent Equipment Evaluation Engineering Technology Centre* (機器人與智能裝備測評工程技術中心) of the CSTC, where she is responsible for intelligent automotive, robot inspection and certification business matters.

Ms. Gong graduated from University of Science and Technology Beijing (北京科技大學) with a master postgraduate degree in electronic science and technology in January 2011. Ms. Gong was recognised as an intermediate software tester and a senior IT project management professional by Beijing Municipal Human Resources and Social Security Bureau in April and May 2015 respectively. She was also recognised as a junior information security level assessor by Zhongguancun Information Security Evaluation Alliance* (中關村信息安全測評聯盟) in January 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

MS. GUO LILI

Ms. Guo Lili (郭莉莉), aged 61, has been appointed as an independent Director since October 2022 and has been further reclassified as our independent non-executive Director since December 2022. He is primarily responsible for supervising and providing independent advice to the Board.

Ms. Guo has extensive experience in accounting and auditing. Since June 2014, Ms. Guo joined WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) where the company provides accounting, auditing and tax services.

Ms. Guo was an independent director of Beijing Sinnet Technology Co., Ltd (北京光環新網科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300383)) between January 2016 and May 2022. She has been an independent director of Baoding Lucky Innovative Materials Co., Ltd (保定樂凱新材股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300446)) since March 2017, an independent director of TES Touch Embedded Solutions (Xiamen) Co., Ltd. (宸展光電(廈門)股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 003019)) since May 2021, and an independent director of Hebei Huatong Wires & Cables Group Co., Ltd (河北華通線纜集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605196)) since August 2021.

Ms. Guo graduated from Beihang University (北京航空航天大學) with a college degree in industrial management engineering in December 1989. Ms. Guo was qualified as a certified public accountant as awarded by Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in June 1998 and she was admitted as a member of the Institute of Public Accountants, Australia in November 2012.

MR. HUANG HUA

Mr. Huang Hua (黃華), aged 49, has been appointed as an independent Director since October 2022 and has been further reclassified as an independent non-executive Director since December 2022. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Huang has over 11 years of experience in the education industry. Prior to July 2020 when Mr. Huang Hua began and has since been working as a professor at the School of Artificial Intelligence of Beijing Normal University (北京師範大學), which aims to train students to be experts of research and application on information science and technology, he worked as a professor at Beijing Institute of Technology (北京理工大學).

Mr. Huang graduated with a bachelor's degree in information and control engineering in Xi'an Jiaotong University in July 1996. He obtained a master degree and a doctoral degree in information and communication engineering from Xi'an Jiaotong University in September 2001 and May 2006 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

MR. WONG HO KWAN

Mr. Wong Ho Kwan (黃浩鈞), aged 49, has been appointed as an independent Director since October 2022 and has been further reclassified as an independent non-executive Director since December 2022. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Wong has over 25 years of experience in accounting and finance. Mr. Wong started his career as an associate in PricewaterhouseCoopers in September 1998 and was promoted to senior associate in July 2000 until October 2001. He then served as an officer in the group management services of Hutchison International Limited from February 2002 to August 2002 where the company invests in, among other things, port, energy, infrastructure and telecommunication businesses. From November 2002 to September 2005, Mr. Wong worked at KPMG where he last served as an assistant manager. Mr. Wong then served as a qualified accountant and company secretary of AAC Technologies Holdings Inc. (formerly known as AAC Acoustic Technologies Holdings Inc.) (a company listed on the Stock Exchange (stock code: 2018) and engages in manufacture and distribution of miniaturised acoustic components) from October 2006 to May 2007. Before joining ECO Environmental Investment Limited, a subsidiary of The Hong Kong and China Gas Company Limited from September 2012 to April 2020 where he last served as vice president of treasury, Mr. Wong was a senior manager of market intelligence and operation analysis in GCL-Poly Energy Holdings Limited (a company listed on the Stock Exchange (stock code: 3800), a green energy supplier) in October 2010. Prior to joining Karrie International Holdings Limited (a company listed on the Stock Exchange (stock code: 1050)), Mr. Wong was a director and general manager of ECO Zhuoxin (Shanghai) Financial Leasing Company Limited* (易高卓新(上海)融資租賃有限公司) in August 2019. Since April 2020, Mr. Wong has been serving as the chief financial officer of Karrie International Holdings Limited.

Mr. Wong obtained a bachelor of arts (honours) in accountancy from the City University of Hong Kong in November 1998 and a master's degree in business administration from Nanjing University (南京大學) in March 2012. He was accredited as an associate by the Hong Kong Society of Accountants in January 2002 and a certified internal auditor by the Institute of Internal Auditor in May 2004.

SUPERVISORS

DR. CAO GANG

Dr. Cao Gang (曹崗), aged 49, was the Group's former Director from May 2020 to October 2022 and has been appointed as chairman of the supervisory committee since October 2022. He is primarily responsible for presiding over the work of the Supervisory Committee and supervising the Board and senior management and overseeing our operations.

Dr. Cao is experienced in scientific research and project management. Before joining Beijing Municipal Science and Technology Commission* (北京市科學技術委員會) where the commission focuses on the development of the artificial intelligence industry in China in August 2012 where he served as the deputy chief of the department of high-tech industrialisation, Dr. Cao worked as the chief officer of Beijing Software Product Quality Inspection and Testing Centre* (北京軟件產品質量檢測檢驗中心) in September 2010 where the centre conducts inspection and is responsible for quality control of software products. Since February 2019, Dr. Cao has been the executive vice president of Beijing Academy of Artificial Intelligence (北京智源人工智能研究院) where he is in charge of integrated operations and results transformation work.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Cao has been the general manager of Beijing Innovation Zhiyuan Technology Co., Ltd.* (北京創新智源科技有限公司) since July 2019, the executive director of Beijing Zhiyuan Venture Capital Fund Management Co., Ltd.* (北京智源創業投資基金管理有限公司) since March 2021, and the chairman of the board of Beijing Zhiyuan Wudao Technology Co. Ltd.* (北京智源悟道科技有限公司) since July 2021.

Dr. Cao obtained a doctorate degree in computer application technology from Institute of Computing Technology, Chinese Academy of Sciences (中國科學院計算技術研究所) in July 2004.

MR. NI JIE

Mr. Ni Jie (倪捷), aged 55, has been our shareholder representative Supervisor since August 2015. He is primarily responsible for supervising our Board and senior management and overseeing our operations.

Mr. Ni has extensive experience in finance and economics. Prior to joining our Group, Mr. Ni worked at CCID from February 2004 to October 2017 where he last served as the deputy chief economist and was responsible for, among other things, assisting the president of CCID to carry out financial accounting and analysis, capital operation, financing and tax planning. From October 2017 to March 2021, Mr. Ni worked at Saidi Group (being an indirect Shareholder of our Company) as the deputy chief economist and was responsible for assisting the group in financing and major investment and business analysis. Since March 2021, he has been promoted to the position of chief economist and is responsible for assisting Saidi Group to carry out major economic management and investment work.

Mr. Ni graduated from University of Northern Virginia with a Master of Business Administration in January 2004.

MS. XUE NA

Ms. Xue Na (薛娜), aged 45, has been appointed as our personnel manager of the administrative department of our Company since January 2022 and as our employee representative Supervisor since October 2022. She is primarily responsible for supervising the Board and senior management and overseeing our operations.

Prior to joining our Group, Ms. Xue was employed as the marketing manager of Beijing Software Product Quality Inspection Centre* (北京軟件產品質量檢測檢驗中心) during the period between August 2005 and February 2010. Ms. Xue then served as the director of human resources department of Beijing Shangpinyuan Brand Planning Co., Ltd* (北京上品源品牌策劃有限公司) from February 2010 to December 2018 where she was in charge of talent recruitment, human relations and administrative matters. Ms. Xue has been the director of human resources department of our Company from January 2019 to January 2022 and was primarily responsible for overseeing the overall management of human resource of our Group.

Ms. Xue obtained her bachelor's degree in finance from University of International Business and Economics (對外經濟貿易大學) in June 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Other than the Directors who are also senior management, the senior management of the Company is as follows:

MR. YANG QIANG

Mr. Yang Qiang (楊強), aged 42, has been the Group's deputy general manager since January 2021, the Group's chief director of R&D, and the general manager of Shanghai Saimo since October 2019. He is primarily responsible for research, design and development of simulation test tool chain and the management of the R&D team of our Group.

Mr. Yang has extensive experience in the software engineering industry. From February 2011 to June 2018, he was employed as the technical director of the product development division of Shanghai Ekai Information Technology Co., Ltd.* (上海億凱信息技術有限公司) where the company specialises in the development of computer technology and technical consulting. Mr. Yang served as the technical director of Shanghai Tongta Technology Co., Ltd.* (上海童塔科技有限公司) from July 2018 to October 2019 where the company specialises in the fields of software science and technology. Mr. Yang obtained his bachelor's degree in mathematics and applied mathematics from Shanghai University (上海大學) in July 2005 and his master of engineering in software engineering from Shanghai Jiao Tong University (上海交通大學) in March 2016. Mr. Yang was qualified as an Automotive Functional Safety Professional (AFSP), a personnel qualification programme for ISO 26262 developed by SGS-TÜV, in January 2021 and the qualification is valid until the end of 2023.

MS. LIANG JUN

Ms. Liang Jun (梁軍), aged 55, was appointed as our financial manager in January 2019 and has been redesignated as our chief financial officer since January 2020. She is primarily responsible for overseeing the finance and accounting matters and financial reporting of our Group.

Ms. Liang has extensive experience in accounting and finance. She served as the deputy general manager and head of finance department of Natural Fenghe Technology Development (Beijing) Company Limited* (自然風和科技發展(北京)有限公司) from December 2004 to June 2016 where the company specialises in, among other things, enterprise management consulting. From July 2016 to December 2018, Ms. Liang joined Beijing Dimei Direct Marketing Consulting Co. Ltd.* (北京迪美策方市場諮詢有限公司) where the company specialises in economic and trade consulting and market research. Ms. Liang graduated from Beijing University of Posts and Telecommunications (北京郵電大學) in July 1992 with a college degree in radio technology. Ms. Liang received the certificate of accounting professional issued by Beijing Municipal Finance Bureau (北京市財政局) in June 1997 and the intermediate accountant qualification certificate issued by the MOF in May 2004.

DR. XUE XIAOQING

Dr. Xue Xiaoqing (薛曉卿), aged 38, has been the director of the forward-looking division (前瞻事業部) of our Company since August 2019 and is primarily responsible for forward-looking research on policies, standards and regulations in relation to simulation testing and vehicle operation.

Dr. Xue has approximately eight years of experience in the ICV industry with focus on researching on the relevant policies and standards. Prior to joining our Group, during the period from July 2016 to June 2019, he was working at ICV Evaluation Engineering Technology Centre* (智聯網聯汽車測評工程技術中心) of the CSTC as the deputy chief where he was responsible for, among other things, autonomous vehicle information security testing and on-board computing platform research. He was then appointed as deputy general manager from September 2017 to December 2018, where he was responsible for, among other things, autonomous driving operating system test research.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

MS. LEUNG HOI YAN

Ms. Leung Hoi Yan (梁熿欣) was appointed as our company secretary with effect from 28 March 2025. Ms Leung brings over 14 years of expertise in company secretarial services and corporate governance for listed companies in Hong Kong. She currently serves as the Assistant Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited. Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

MS. CHEUNG LAI HA

Ms. Cheung Lai Ha (張麗霞) was appointed as our company secretary with effect from 22 February 2024. Ms. Cheung is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

On 28 March 2025, Ms. Cheung has resigned as the joint company secretary and Ms. Leung Hoi Yan (梁熿欣) has been appointed as the company secretary in replacement of Ms. Cheung.

REPORT OF THE BOARD OF DIRECTORS

GLOBAL OFFERING

On 15 January 2025, the Company's H Shares were listed on the Main Board of the Stock Exchange. The Prospectus of the Company was published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.saimo.cloud.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the Reporting Period, thanks to the continuous development of intelligent driving technologies and increasing acceptance of intelligent vehicles in China, the continuous optimisation and upgrade of our existing solutions, and the increase in our investment in the innovation of new products, the performance of the Group's ICV testing, validation and evaluation solutions has also experienced steady growth, and the revenue and profit of the Group both recorded growth. In FY2024, the Group's operating revenue and net profit amounted to approximately RMB221.9 million and RMB55.1 million respectively, representing an increase of 26.3% and 3.1% respectively as compared to FY2023.

Detailed information about the Company's business review, future planning and etc., is set out in section headed "Management Discussion and Analysis" in this Annual Report.

RESULTS AND OVERALL PERFORMANCE

The Group's results and overall performance are set out in the consolidated financial statements in this Annual Report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Company has been dedicated to the environment, climate, social responsibility and other related issues to promote the sustainability of the Company's operation. In view of the environmental, social responsibility and governance issues, the Company has formulated relevant internal systems and working methods. The Board has the overall responsibility for our sustainability strategy and oversees the operation of relevant sustainability issues in our Company, and at the same time, the Board has organised to set up a task force team on environmental, social responsibility and governance (the "ESG") issues consisting of representatives from various major departments. Such task force team handles all ESG issues identified in the course of the Company's operation, and reports to the Board on important issues.

Details about the Company's ESG issues are set out in the Company's Environmental, Social Responsibility and Governance Report (the "ESG Report") for the year 2024. The ESG Report will be published on the website of the Company at www.saimo.cloud and the website of the Stock Exchange at www.hkexnews.hk in accordance with the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company has been in strict compliance with the relevant laws, regulations and rules to ensure the standardisation and sustainability of business operations. To the knowledge of the Board, for the year ended 31 December 2024, the Company has complied in all material respects with laws and regulations that have a significant impact on the Company.

FINAL DIVIDEND

The Board of Directors does not recommend to declare any final dividend of the Company for the year ended 31 December 2024.

REPORT OF THE BOARD OF DIRECTORS

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Tuesday, 17 June 2025. In order to determine the entitlement to attend and vote at the AGM, the record date will be Tuesday, 17 June 2025 and the register of members of the Company will be closed from Thursday, 12 June 2025 to Tuesday, 17 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanied by the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares of the Company), or to the Company's registered office at Room 401, 4/F, No. 66 Zizhuyuan Road, Haidian District, Beijing, the PRC (for holders of unlisted shares of the Company) no later than 4:30 p.m. Wednesday, 11 June 2025 for handling registration procedures.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of H Shares of the Company. Any H Shares registered in the name of non-individual H Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding and payment of the enterprise income tax. Should any H Shareholder wish to change its shareholder status, please consult your agent or trust institution over the relevant procedure. The Company will withhold and pay the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's register of members of H Shares on the record date.

EQUIPMENT

Details of the equipment of the Company for the year ended 31 December 2024 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company for the year ended 31 December 2024 are set out in Note 24 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company for the year ended 31 December 2024 are set out in Note 25 to the consolidated financial statements.

FINANCIAL STATEMENTS

Details of the financial statements for the year ended 31 December 2024 are set out in the relevant consolidated balance sheet, consolidated statement of comprehensive income and consolidated statement of cash flows in this Annual Report.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS AND SUPERVISORS

Board of Directors

Executive Directors

Mr. Hu Dalin
Mr. He Feng
Ms. Ma Lei

Non-Executive Directors

Dr. Kan Zhigang
Dr. Yao Xiang
Ms. Gong Xiao

Independent Non-Executive Directors

Ms. Guo Lili
Mr. Huang Hua
Mr. Wong Ho Kwan

Supervisory Committee

Dr. Cao Gang
Mr. Ni Jie
Ms. Xue Na

The biographies of Directors, Supervisors and senior management are set out in the section headed “Biographical Details of Directors, Supervisors and Senior Management” in this Annual Report.

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

The Company has entered into service contracts/appointment letters with the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors. The terms of office of the Directors or Supervisors start from the date of appointment and end upon expiry of the Board of Directors or the Supervisory Committee, and the service contracts may be adjusted in accordance with the Articles of Association, applicable laws and regulations and relevant Listing Rules.

None of the Directors or Supervisors had entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates (as defined in the Listing Rules) had engaged in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group or had any interest in such business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As H Shares had not been listed on the Stock Exchange as of 31 December 2024, the SFO and Model Code were not applicable during the Reporting Period. At the Listing Date, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company in the ordinary Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (a) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Interests in the Company

Name of Director/ Supervisor	Class of Shares	Nature of interest	Number of Shares held in the relevant class of Shares ⁽¹⁾	Approximate percentage of Shares held in the relevant class of Shares ⁽²⁾	Approximate percentage of the total issued Share capital ⁽²⁾
Mr. Hu Dalin	Unlisted Shares	Interest in controlled corporations	45,441,187 (L) ⁽³⁾	45.44%	34.08%
Mr. He Feng	Unlisted Shares	Interest in controlled corporations	45,441,187 (L) ⁽³⁾	45.44%	34.08%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) At the Listing Date, the Company had 133,333,400 Shares in issue, including 100,000,000 Unlisted Shares and 33,333,400 H Shares.
- (3) These Shares are held by Space Technology (Beijing) Co., Ltd.* (空格科技(北京)有限公司) ("Space Technology") and Beijing Tongda Chengye Technology Centre (Limited Partnership)* (北京通達成業科技中心(有限合夥)) ("Tongda"). Space Technology and Tongda entered into the concert party agreement, pursuant to which Tongda has acknowledged and confirmed that it has undertaken, among other things, to unilaterally follow the voting instructions of Space Technology to exercise its voting power and vote unanimously at the shareholders meeting of our Company during the period Tongda being the Shareholder of our Company. Space Technology is owned as to approximately 64.1%, 25.6% and 10.3% by Mr. Hu, Ms. Ma and Mr. He, respectively. Tongda is a limited partnership established in the PRC which serves as the Employee Incentive Platform for implementation of the Employee Incentive Scheme. Tongda is owned as to approximately 50.0% by Mr. Hu, approximately 44.1% by Mr. He, approximately 2.1% by Ms. Ma and the remaining of approximately 3.8% by other 14 employees of our Group (including 0.3% by Ms. Xue Na, our employee representative Supervisor). Each of Mr. Hu, Ms. Ma and Mr. He is executive Director of the Company.

(2) Interests in the Associated Corporations

At the Listing Date, none of the Directors, Supervisors and chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of our associated corporations, which were required, pursuant to section 352 of the SFO, to be recorded in the register to be kept by the Company, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange

REPORT OF THE BOARD OF DIRECTORS

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As H Shares had not been listed on the Stock Exchange as of 31 December 2024, the SFO was not applicable to the Company during the Reporting Period. At the Listing Date, to the knowledge of the Directors or chief executive of the Company, the persons listed in the table below (other than the Directors and the chief executives of the Company) had interests and/or short positions in the Shares or underlying Shares, which were required to be notified to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register to be kept by the Company:

Name	Class of Shares	Nature of interest	Number of Shares held in the relevant class of Shares ⁽¹⁾	Approximate percentage of Shares held in the relevant class of Shares ⁽²⁾	Approximate percentage of the total issued Share capital ⁽²⁾
Space Technology ⁽³⁾	Unlisted Shares	Beneficial interest	30,169,382(L)	30.17%	22.63%
	Unlisted Shares	Interest of person acting in concert	15,271,805(L)	15.27%	11.45%
Tongda ⁽³⁾	Unlisted Shares	Beneficial interest	15,271,805(L)	15.27%	11.45%
	Unlisted Shares	Interest of person acting in concert	30,169,382(L)	30.17%	22.63%
Saidi Testing ⁽⁴⁾	Unlisted Shares	Beneficial interest	28,067,104(L)	28.07%	21.05%
Saidi Group ⁽⁴⁾	Unlisted Shares	Interest in controlled corporations	28,067,104(L)	28.07%	21.05%
CSTC ⁽⁴⁾	Unlisted Shares	Interest in controlled corporations	28,067,104(L)	28.07%	21.05%
CCID ⁽⁴⁾	Unlisted Shares	Interest in controlled corporations	28,067,104(L)	28.07%	21.05%
Mr. Hu Dalin ⁽⁵⁾⁽⁷⁾	Unlisted Shares	Interest in controlled corporations	45,441,187(L)	45.44%	34.08%
Ms. Wang Yishuang ⁽⁶⁾	Unlisted Shares	Interest of spouse	45,441,187(L)	45.44%	34.08%
Mr. He Feng ⁽⁷⁾	Unlisted Shares	Interest in controlled corporations	45,441,187(L)	45.44%	34.08%
Ms. Jin Li ⁽⁸⁾	Unlisted Shares	Interest of spouse	45,441,187(L)	45.44%	34.08%
China Mobile Communications Group Co., Ltd. ⁽⁹⁾	H Shares	Interest in controlled corporations	11,432,000(L)	34.30%	8.57%
China Mobile (Hong Kong) Group Limited ⁽⁹⁾⁽¹⁰⁾	H Shares	Interest in controlled corporations	11,432,000(L)	34.30%	8.57%
China Mobile Hong Kong (BVI) Limited ⁽¹⁰⁾⁽¹¹⁾	H Shares	Interest in controlled corporations	11,432,000(L)	34.30%	8.57%
China Mobile Limited ⁽¹¹⁾⁽¹²⁾	H Shares	Interest in controlled corporations	11,432,000(L)	34.30%	8.57%
China Mobile International Holdings Limited ⁽¹²⁾	H Shares	Beneficial interest	11,432,000(L)	34.30%	8.57%
Jingwei Hirain Technologies (Hong Kong) Corporation Limited ⁽¹³⁾	H Shares	Beneficial interest	5,625,800(L)	16.88%	4.22%
Beijing Jingwei Hengrun Technology Co., Ltd.* (北京經緯恒潤科技股份有限公司) ⁽¹³⁾	H Shares	Interest in controlled corporations	5,625,800(L)	16.88%	4.22%
Huatai Securities Co., Ltd. ⁽¹⁴⁾	Unlisted Shares	Beneficial interest	1,905,200(L)	1.91%	1.43%
	H Shares	Interest in controlled corporations	1,718,200(L)	5.15%	1.29%

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) At the Listing Date, the Company had 133,333,400 Shares in issue, including 100,000,000 Unlisted Shares and 33,333,400 H Shares.
- (3) At the Listing Date, Space Technology and Tongda entered into the concert party agreement, pursuant to which Tongda has acknowledged and confirmed that it has undertaken, among other things, to unilaterally follow the voting instructions of Space Technology to exercise its voting power and vote unanimously at the Shareholders' meeting of our Company for so long as Tongda has been/is a Shareholder of our Company. Therefore, under the SFO, in addition to their respective direct beneficial interests, each of Space Technology and Tongda is also deemed to be interested in the interest of the other concert party.
- (4) At the Listing Date, Saidi Testing is owned as to 100.0% by Saidi Group, which is owned as to 50.0% by each of CSTC and CCID. By virtue of the SFO, each of Saidi Group, CSTC and CCID is deemed to be interested in the Shares held by Saidi Testing.
- (5) At the Listing Date, Space Technology is owned by the Management Group as to 64.1% by Mr. Hu, 25.6% by Ms. Ma and 10.3% by Mr. He. By virtue of the SFO, Mr. Hu is deemed to be interested in the Shares held by Space Technology.
- (6) At the Listing Date, Ms. Wang Yishuang is the spouse of Mr. Hu. By virtue of the SFO, Ms. Wang Yishuang is deemed to be interested in the Shares in which Mr. Hu is interested.
- (7) Tongda is a limited partnership established in the PRC which serves as our Employee Incentive Platform for implementing our Employee Incentive Scheme. As of the Listing Date, Tongda was owned as to approximately 50.0% partnership interest by the executive partner, Mr. Hu, and approximately 44.1%, 2.1% and 3.8% partnership interest by the limited partners, Mr. He, Ms. Ma and other 14 employees of our Group, respectively. By virtue of the SFO, each of Mr. Hu and Mr. He is deemed to be interested in the Shares held by Tongda.
- (8) At the Listing Date, Ms. Jin Li is the spouse of Mr. He. By virtue of the SFO, Ms. Jin Li is deemed to be interested in the Shares in which Mr. He is interested.
- (9) At the Listing Date, China Mobile (Hong Kong) Group Limited was owned as to 100% by China Mobile Communications Group Co., Ltd.. By virtue of the SFO, China Mobile Communications Group Co., Ltd. is deemed to be interested in the shares in which China Mobile (Hong Kong) Group Limited is interested.
- (10) At the Listing Date, China Mobile Hong Kong (BVI) Limited was owned as to 100% by China Mobile (Hong Kong) Group Limited. By virtue of the SFO, China Mobile (Hong Kong) Group Limited is deemed to be interested in the shares in which China Mobile Hong Kong (BVI) Limited is interested.
- (11) At the Listing Date, China Mobile Limited was owned as to 69.18% by China Mobile Hong Kong (BVI) Limited. By virtue of the SFO, China Mobile Hong Kong (BVI) Limited is deemed to be interested in the shares in which China Mobile Limited is interested.
- (12) At the Listing Date, China Mobile International Holdings Limited was owned as to 100% by China Mobile Limited. By virtue of the SFO, China Mobile Limited is deemed to be interested in the shares held by China Mobile International Holdings Limited.
- (13) At the Listing Date, Jingwei Hirain Technologies (Hong Kong) Corporation Limited was owned as to 100% by Beijing Jingwei Hengrun Technology Co., Ltd.. By virtue of the SFO, Beijing Jingwei Hengrun Technology Co., Ltd. is deemed to be interested in the shares held by Jingwei Hirain Technologies (Hong Kong) Corporation Limited.
- (14) At the Listing Date, Huatai International Financial Holdings Company Limited was owned as to 100% by Huatai Securities Co., Ltd.. By virtue of the SFO, Huatai Securities Co., Ltd. is deemed to be interested in the shares held by Huatai International Financial Holdings Company Limited. At the Listing Date, Huatai Financial Holdings (Hong Kong) Limited was owned as to 100% by Huatai International Financial Holdings Company Limited. By virtue of the SFO, Huatai International Financial Holdings Company Limited is deemed to be interested in the shares held by Huatai Financial Holdings (Hong Kong) Limited.

Save as disclosed above, at the Listing Date, the Directors were not aware of any person (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

REPORT OF THE BOARD OF DIRECTORS

ARRANGEMENT TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this Annual Report, at no time during the Reporting Period was the Company or any of its subsidiaries involved in any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debt securities (including debentures) of the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in Note 33 to the Group's consolidated financial statements for the year ended 31 December 2024 and the connected transactions disclosed in the section headed "Continuing Connected Transactions" in the Report of the Board of Directors, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors and the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

NON-COMPETITION UNDERTAKING

Each member of the Controlling Shareholder Group of the Company has confirmed and undertaken that they or any of their respective close associates will not compete, directly or indirectly, with the business of the Group. The Company has received and reviewed annual confirmations from members of the Controlling Shareholder Group in respect of their non-competition undertaking.

The independent non-executive Directors have reviewed the compliance of the Controlling Shareholders Group with the relevant non-competition undertaking and, to the best knowledge of the independent non-executive Directors, the Controlling Shareholders Group has complied with such undertakings throughout the year ended 31 December 2024.

SIGNIFICANT CONTRACTS

For the year ended 31 December 2024, save as disclosed in the Annual Report, there were no significant contracts between the Company or its subsidiaries and the Controlling Shareholders or their respective subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

In FY2024, the Group's five largest customers accounted for 63.5% of its total revenue and sales to the single largest customer accounted for 16.2% of its total revenue; in FY2024, the Group's five largest suppliers together accounted for approximately 97.7% of its total purchases. In FY2024, the purchases from the largest supplier accounted for approximately 44.6% of its total purchases. In FY2024, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5.0% of the number of issued shares of the Company) have any interests in the top five customers and/or the top five suppliers of the Group.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2024, the connected persons of the Group provided property management services to the Company. On the assumption that there is no change of the gross floor area of our registered office and an annual increase of not more than 10% on the unit price, our Directors estimate that the annual fee payable by our Company pursuant to the property management agreement for the three years ending 31 December 2024, 2025 and 2026 will not exceed RMB30,000, RMB33,000 and RMB37,000, respectively. Each of the highest applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis.

REPORT OF THE BOARD OF DIRECTORS

As the above mentioned connected transactions were on normal commercial terms and in the ordinary and usual course of our business, these transactions will be fully-exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements in accordance with Rule 14A.76(1)(a) of the Listing Rules.

Save as described above, there are no other continuing connected transactions of the Group during the Reporting Period.

RELATED PARTY TRANSACTIONS

Details of related party transactions during the Reporting Period have been disclosed in Note 33 to the consolidated financial statements. Except for the circumstances disclosed in the paragraph headed "Continuing Connected Transactions" above, none of the related party transactions disclosed in Note 33 to the consolidated financial statements constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules which are required to comply with the relevant reporting, announcement or independent Shareholders' approval requirements. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable).

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There is no provision on pre-emptive rights under the Articles of Association of the Company or laws and regulations in China which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of 31 December 2024, the Company did not have any external borrowing or loans.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of our Directors, as at the date of the Annual Report, the Company has maintained the sufficiency of public float as required by the Listing Rules, and at least 25% of the issued shares of the Company was held by the public since the Listing Date and up to the date of the Annual Report.

FINANCIAL SUMMARY

The financial key performance and related indicators of the Group for the year ended 31 December 2024 are set out in the section headed "Financial Summary".

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, the Listing Rules and other applicable rules, the Company has arranged for appropriate insurance to cover all costs, charges, losses, expenses and liabilities incurred by the Directors, Supervisors or senior management in the execution and discharge of his/her duties or in relation thereto. During the Reporting Period, the relevant provisions in the Articles and the liability insurance for such Directors, Supervisors and senior management were in force and remain effective as of the date of this Annual Report.

REPORT OF THE BOARD OF DIRECTORS

MAJOR RISKS AND UNCERTAINTIES

The Group recognises that risk management is critical for the sustainable development of our business in a rapidly evolving industry environment. We continue to identify and evaluate key risk areas, and take multiple preventive and mitigation measures to alleviate potential adverse effects and ensure the stable operation and long-term value creation of the Group. The following are the key risk categories that our Directors are currently concerned about and the response strategies that the Group has implemented or is currently facilitating.

UNCERTAINTY RISK OF THE ICV INDUSTRY DEVELOPMENT

The ICV industry and the testing solution industry are at an early stage with complex technologies and reliance on hardware supplies such as semiconductor chips, their development is affected by factors such as technological sophistication, cost, safety standards and market recognition. If ICV technology defects or accidents lead to reduced public confidence, or tightened industry regulations, etc., it may reduce the market demand and affect the Group's business growth and profitability.

The Group has actively participated in the formulation of industry standards and policy research, and consistently invested in core technology research and development, promoting product stability, safety and high availability. The Group has leveraged technological leadership advantages to build industry reputation and customer trust, in a bid to strengthen our ability of resilience against industry fluctuations.

RISK OF FLUCTUATION IN RESULTS

The Group mainly provides products and services to customers through a project-based approach. The progress of project implementation and the timing of revenue recognition may be subject to multiple factors such as customer budget arrangements, industry development rhythm, and policy directives, which lead to fluctuations in the Group's results in different reporting periods.

In response to the related risks, the Group is actively promoting the diversification of business models and revenue sources by expanding high value-added services and long-term framework cooperation mechanisms. The Group is improving the modularity and standardization of product delivery, while continuously optimizing project management and resources allocation to enhance stability and predictability of our results.

RISKS OF CUSTOMER CONCENTRATION AND SUPPLIER CONCENTRATION

The Group's revenue relies on a small number of customers. If major customers delay payments, default or loss, or if government budgets are cut down, it may result in a material adverse impact on cash flow and operating results. The Group relies on a small number of suppliers to source hardware and software components. If major suppliers interrupt their supply, experience price fluctuations or encounter quality issues, it may lead to project delays and increasing costs, which affect business operation and market competitiveness. The Group attaches great importance to customer and supply chain management, and has established a collaborative communication mechanism for important customers and an alternative system for suppliers to enhance our proactive risk response capabilities.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is well aware of the important role of employees, customers and suppliers in its corporate sustainable development process, and actively develops and maintains long-term relationships with key stakeholders. We maintain an amicable working relationship with our employees. We did not experience any material labour disputes with our employees, encounter any disruption to our operations due to labour disputes, strikes or work stoppages, or receive any claims from our employees during the Reporting Period.

REPORT OF THE BOARD OF DIRECTORS

The Group is committed to continuously providing high-quality services and products to customers, as well as maintaining good and stable relationship and communication with suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the shares of the Company were not yet listed on the Stock Exchange as of 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) for the year ended 31 December 2024. The Company did not hold any treasury shares as at 31 December 2024.

EQUITY LINKED AGREEMENT

During the year ended 31 December 2024, the Company had not entered into or maintained any equity linked agreement that resulted or may result in the issuance of shares by the Company, or had formulated relevant regulations or rules that may result in the foregoing.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

After making specific enquiries by the Company, the Directors and Supervisors confirm that, save as disclosed in this Annual Report, there are no change in relation to the biographical details of the Directors and Supervisors since the Listing Date and up to the date of the Annual Report.

MANAGEMENT CONTRACT

During the Reporting Period, other than the Directors' service contract and letters of appointment, the Company had not entered into or maintained any management or administration contract in respect of the whole or part of the business.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration of the Directors and Supervisors for the year ended 31 December 2024 is set out in Note 35 to the consolidated financial statements, and the remuneration of the five highest paid individuals of the Company is set out in Note 10 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

During the Reporting Period, all of the Company's operating entities are located in the PRC. In accordance with the relevant laws and regulations of the PRC, the Company participates in fixed contribution to basic retirement benefit schemes of the social insurance system established and administered by the relevant governmental organisations, and contributes on a monthly basis to these pension plans. Under these plans, the Company has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are recognised as employee benefits expenses as incurred. There are no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

REPORT OF THE BOARD OF DIRECTORS

AUDITOR

PricewaterhouseCoopers has been appointed as the Company's auditor for the year 2024. A resolution for their re-appointment as auditor of the Company for the year 2025 will be proposed at the forthcoming annual general meeting of the Company. PricewaterhouseCoopers has served as the Company's auditor since the listing of the Company.

The financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 33,333,400 H Shares, with a nominal value of RMB1 per share, in the Global Offering at an offering price of HK\$12.99 per H share. Net proceeds from the Global Offering were approximately HK\$358.6 million (after deducting the underwriting commissions and other expenses in connection with the Global Offering). The net proceeds have not been used as of the date of this Annual Report and are currently held in bank deposits at authorized financial institutions and/or licensed banks as defined under the SFO and laws in the relevant jurisdictions (where applicable) and it will be used in the manner consistent with the proposed allocations and expected timeline as disclosed in the Prospectus and set out below:

Purpose	Amount of net proceeds allocated (HK\$ million)	Percentage of total amounts of net proceeds (HK\$ million)	Net proceeds utilized from the Listing Date to the date of this report (HK\$ million)	Net proceeds utilized as at the date of this report %	Expected timelines for use of proceeds
Ongoing R&D investment					By December 2027
– R&D of our existing solutions, including Sim Pro, Safety Pro, SceCo Pro, and Traffic Pro	62.8	17.5%	–	–	
– R&D of new tools SGO Pro, DB Pro and Cloud Pro, as well as the lease of cloud services and development of own cloud infrastructure of the Group	110.4	30.8%	–	–	
– R&D activities for penetrating into new industries, namely drones, digital city twin and intelligent agriculture-related industries	49.8	13.9%	–	–	
Geographic expansion and marketing of products and services of the Group	99.7	27.8%	–	–	By December 2027
General corporate purposes and to supplement our working capital	35.9	10.0%	–	–	
Total	358.6	100%	–	–	

Please refer to the section headed "Future plans and use of proceeds – Use of proceeds" in the Prospectus for further information.

By order of the Board
Beijing Saimo Technology Co., Ltd.
Mr. Hu Dalin
Chairman of the Board and Executive Director

Hong Kong, 28 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company, in accordance with the relevant provisions of the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Articles of Association of Beijing Saimo Technology Co., Ltd. and other rules, dutifully and conscientiously discharged their obligations and exercised their supervisory duties towards the Directors and senior management of the Company in compliance with the principle of being accountable to all shareholders.

Composition of the Supervisory Committee

According to the Articles, the Supervisory Committee of the Company consists of three members, one of which is the employee representative supervisor and two of which are shareholder representative supervisors. Supervisors serve for a term of three years and shall be subject to re-election upon expiry of their respective term of office.

During the Reporting Period, there was no change in Supervisors. As of the date of this report, the members of the Supervisory Committee of the Company are as follows:

Dr. Cao Gang (*Chairman of the Supervisory Committee and Shareholder Representative Supervisor*)

Mr. Ni Jie (*Shareholder Representative Supervisor*)

Ms. Xue Na (*Employee Representative Supervisor*)

Major Work Performed by the Supervisory Committee

During the Reporting Period, the Supervisory Committee of the Company held a total of one meeting. All Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee to earnestly perform their supervisory duties, and all Supervisors attended the meetings in person during the Reporting Period. The details of the meetings of the Supervisory Committee are set out below:

On 6 December 2024, the Company held the third extraordinary meeting of the First Session of the Supervisory Committee, at which the proposals such as "Proposal on Waiving the Notice Procedures and Notice Period for Supervisory Committee Meetings", "Proposal on Amending the Rules of Procedure of the Supervisory Committee of Beijing Saimo Technology Co., Ltd.", and "Proposal on Re-formulating the Rules of Procedure of the Supervisory Committee of Beijing Saimo Technology Co., Ltd. (Draft) Which is Applicable after the Issuance of H Shares" were considered and approved.

During the Reporting Period, the Supervisory Committee seriously fulfilled the duties and powers granted by the Company Law, the Articles and other relevant laws, regulations and rules, actively attended the Shareholders' meetings and presented at meetings of the Board of Directors, and supervised the Company's regulated operations, production and operation, financial conditions, internal control and performance of duties by the Company's Directors and senior management, and thus considered that: (1) the Board of Directors of the Company achieved standardised operations, reasonable decisions and legal procedures, earnestly implemented the resolutions passed at the Shareholders' meetings, and faithfully fulfilled the fiduciary obligations; (2) the Company had sound financial system, standardised financial operation and good financial position, and there were no material omissions and false records in accounting, the financial report truly and objectively reflected the financial position and operating results of the Company; and (3) the Company had sound internal control system, and the Directors and senior management of the Company strictly complied with the relevant laws and regulations, the Articles and other corporate systems, earnestly fulfilled the powers granted by the shareholders, and did not act in any matter detrimental to the interests of the shareholders and the Company.

REPORT OF THE SUPERVISORY COMMITTEE

Working Plan of the Supervisory Committee for 2025

In 2025, the Supervisory Committee will continue to strictly implement the relevant provisions of the Company Law and the Articles, faithfully fulfill the duties of the Supervisory Committee, and supervise and inspect the operation and behavior of the Board of Directors and senior management in accordance with laws. Meanwhile, the Supervisory Committee will continue to strengthen the function of supervision, earnestly perform its duties, attend the Board meetings, the Shareholders' meetings and relevant office meetings in accordance with laws, and promptly guarantee the legality and compliance of significant decision-making items and procedures, in order to further promote the standardised operation of the Company, further enhance its awareness of risk prevention, and protect the interests of all shareholders, the Company, employees and other stakeholders.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of stringent corporate governance practices and procedures, and continuously striving to maintain a high standard of corporate governance, so as to enhance the Company's accountability and transparency continuously. Since the Listing Date, the Company has adopted and applied the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules as its own corporate governance code. The Shares were listed on the Main Board of the Stock Exchange on 15 January 2025. As the Shares were not yet listed on the Stock Exchange during the Reporting Period, the CG Code was not applicable to the Company during the Reporting Period.

From the Listing Date and up to the date of this Annual Report, the Company has complied with all applicable code provisions set out in the CG Code.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. As of the date of this Annual Report, the chairman of the Company is Mr. Hu Dalin, an executive Director, and the chief executive officer is Mr. He Feng, which is in compliance with the relevant requirements under code provision C.2.1 of the CG Code.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code. Key corporate governance principles and practices of the Company are summarised below.

THE BOARD

Responsibilities, Accountabilities and Contributions of The Board

Direction and control of the Company's business are vested in the Board. The Board establishes policies, strategies and plans for the development of the Company's business, and provides leadership in the creation of value for Shareholders of the Company. All Directors have carried out their duties in good faith, have been in compliance with applicable laws and regulations, have taken decisions objectively and have acted in the interests of the Company and its Shareholders at all times. The Directors are required to disclose to the Company details of other offices held by them. The Board takes responsibility for all major matters of the Company, including approving and monitoring all basic management systems, overall strategies and budgets, risk management and internal control systems, material transactions (particularly those involving conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The day-to-day management, administration and operation of the Company are led by the Board and senior management of the Company. The Board has delegated a schedule of responsibilities to the management for implementing Board decisions, and directing and coordinating the daily operation and management of the Company. The Board reviews the delegated functions and work tasks regularly. The management has to obtain Board approval prior to entering into any significant transactions.

If a substantial Shareholder or a Director has a potential conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the relevant Director shall abstain from voting and the independent non-executive Directors who, and whose close associates, have no material interest in the matter shall attend the Board meeting to discuss and vote on the same.

The Company has arranged appropriate insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

Board Composition

During the Reporting Period and as of date of this Annual Report, the composition of the Board is as follows:

Executive Directors

Mr. Hu Dalin (*Chairman*)
Mr. He Feng
Ms. Ma Lei

Non-Executive Directors

Dr. Kan Zhigang
Dr. Yao Xiang
Ms. Gong Xiao

Independent Non-Executive Directors

Ms. Guo Lili
Mr. Huang Hua
Mr. Wong Ho Kwan

The biographical details of the Directors and the relationships among the members of the Board are disclosed in the section headed “Biographical Details of Directors, Supervisors and Senior Management” in this Annual Report. Saved as disclosed above, the Directors confirmed that there was no relationship (including financial, business, family or other material/relevant relationship) between the Board members that were required to be disclosed.

The composition of the Board reflects the necessary balance of skills and experience appropriate for the business requirement and objectives of the Group and for the exercise of independent judgement.

The Company has received a written annual confirmation from each independent non-executive Director of his/her independence. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board. All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Any Director may seek independent professional advice in appropriate circumstances at the Company’s expenses, upon reasonable request made to the Board. During the period from the Listing Date and up to the date of this Annual Report, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

CORPORATE GOVERNANCE REPORT

Directors' Term of Office

Each of the executive Directors, non-executive Directors and independent non-executive Directors have entered into a service contract/appointment letter with the Company for a term of three years. The term of office of a Director commences from the day when he/she takes office until the term of office of current session of the Board expires.

Under the Articles of Association, Directors shall be elected or replaced at the general meeting and may be removed at the general meeting prior to the expiration of their term of office. The term of office of the Directors is three years and they are eligible for re-election at the end of the term. When the Directors' term expires and re-election is not held in time, or where the resignation of a Director during his term of office causes the number of the members of the Board of Directors to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association before the re-elected Directors take office.

Training and Continuous Professional Development of Directors

The Directors keep abreast of the regulatory developments and changes and the conduct, business activities and development of the Company in order to effectively perform their responsibilities.

Each newly appointed Director has received a comprehensive, formal and tailored induction on his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction is normally supplemented with meetings with the senior management of the Company.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Continuous briefings and professional development for the Directors are arranged whenever necessary. In addition, reading materials relating to the Company's business and Directors' duties and responsibilities, updates on salient laws, corporate governance, regulations applicable to the Group are provided to the Directors from time to time for their studying and reference. All Directors are encouraged to attend relevant training courses at the Company's expenses.

According to the records provided by the Directors, during the year ended 31 December 2024, Mr. Hu Dalin, Mr. He Feng, Ms. Ma Lei, Dr. Kan Zhigang, Dr. Yao Xiang, Ms. Gong Xiao, Ms. Guo Lili, Mr. Huang Hua and Mr. Wong Ho Kwan attended training sessions on regulatory development, directors' duties or other relevant topics. In addition, relevant reading materials have been provided to the Directors for their studying and reference.

Model Code for Securities Transactions

The Company has adopted the Model Code as a code of conduct for all securities transactions by the Directors, Supervisors and relevant employees of the Company. During the Reporting Period, the H Shares of the Company were not listed on the Stock Exchange. All Directors and Supervisors always abided by the required standards as set out in the Model Code since the Listing Date and up to the date of this Annual Report after making specific enquiries to all the Directors and Supervisors. During the above-mentioned period, the Company was not aware of any case of non-compliance with the Model Code by the relevant employees.

In case the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors, Supervisors and relevant employees in advance.

CORPORATE GOVERNANCE REPORT

Board Practices and Conduct of Meetings

The draft agenda of each meeting is normally made available to the Directors in advance. Notice of a regular Board meeting is served on all the Directors at least fourteen days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest development and financial position of the Company and to enable them to make decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management normally will attend regular Board meetings and where necessary, other Board and committee meetings, to advise on business development, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The Articles of Association contain provisions requiring Directors to abstain from voting at the meetings and not to be counted in the quorum for approving transactions in which such Directors or any of their associates have a material interest.

The secretary of the meetings is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of Board meetings and committee meetings record the matters considered and decisions reached in details, including any concerns raised by Directors or dissenting views expressed.

Draft minutes are normally circulated to all the Directors for comment within a reasonable time after each meeting. Final versions of the minutes are sent to the Directors for their records and are available for their inspection.

Attendance Records of Board Meetings and Committee Meetings

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the Reporting Period are set out in the table below:

Name of Director	Shareholders' Meeting	Attendance/Number of Meetings				
		Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee
Mr. Hu Dalin	1/1	5/5	N/A	N/A	Note	Note
Mr. He Feng	1/1	5/5	N/A	Note	N/A	Note
Ms. Ma Lei	1/1	5/5	N/A	N/A	N/A	Note
Dr. Kan Zhigang	1/1	5/5	N/A	N/A	N/A	N/A
Dr. Yao Xiang	0/1	5/5	N/A	N/A	N/A	N/A
Ms. Gong Xiao	0/1	5/5	N/A	N/A	N/A	N/A
Ms. Guo Lili	0/1	5/5	Note	Note	N/A	N/A
Mr. Huang Hua	0/1	5/5	Note	Note	Note	N/A
Mr. Wong Ho Kwan	0/1	5/5	Note	N/A	Note	N/A

Note: As all Board committees have been established with effect from the Listing Date, there was no meeting held during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Board Committees and Corporate Governance Functions

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee for overseeing particular aspects of the Company's affairs. The Board committees have sufficient resources to execute their requisite duties. All the Board committees should report to the Board on their decisions or recommendations made.

Audit Committee

The Audit Committee comprised three independent non-executive Directors, namely, Ms. Guo Lili (Chairlady), Mr. Huang Hua and Mr. Wong Ho Kwan. Ms. Guo Lili and Mr. Wong Ho Kwan possess the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee are to provide independent opinions on the effectiveness of the Group's financial reporting process, risk management, and internal control systems to assist the Board, oversee the audit procedures, develop and review policies, make recommendations to the Board regarding the appointment and removal of external auditors, and perform other duties and responsibilities assigned by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, no Audit Committee meeting was held as the Company only became listed on the Main Board of the Stock Exchange on 15 January 2025. As of 28 March 2025, the Audit Committee held a meeting to review the annual financial results and report for the year ended 31 December 2024, major audit findings, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the Company's internal audit function, the scope of works and re-appointment of external auditors and the Company's Deed of Non-Competition.

The external auditors were invited to attend the Audit Committee meetings without the presence of executive Directors to discuss with the Audit Committee issues arising from the audit and financial reporting matters. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee comprised two independent non-executive Directors and one executive Director, namely, Mr. Huang Hua (Chairman), Mr. He Feng and Ms. Guo Lili.

The main duties of the Remuneration Committee are to establish and review the remuneration policy and structure for the Directors, supervisors and senior management, approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives, ensure none of the Directors determine their own remuneration, and make recommendations on employee benefit arrangements.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, no Remuneration Committee meeting was held as the Company only became listed on the Main Board of the Stock Exchange on 15 January 2025. As of 28 March 2025, the Remuneration Committee held a meeting to consider the “Remuneration Policy of the Directors and Senior Management”, with a focus on conducting a comprehensive review and evaluation of the remuneration system of the Directors and senior management and the operation of the committees during the reporting period ended 31 December 2024. Additionally, in accordance with Rule 17.07A of the Listing Rules, it was confirmed that there were no significant issues requiring review or approval in relation to the share scheme during this accounting year.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the senior management, excluding those who also serve as Directors, by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of senior management
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	0
RMB2,000,001 to RMB2,500,000	0
	3

Details of the remuneration of each Director of the Company for the year ended 31 December 2024 are set out in note 35 to the consolidated financial statements contained in this Annual Report.

Remuneration Policy of the Directors and Senior Management

The forms of remuneration that the Directors and senior management members may receive from the Company include directors’ fees, basic salary, performance-based remuneration, contributions to pension plans, allowances, non-monetary benefits, equity incentives and other subsidies that comply with laws and regulations. All arrangements must comply with the applicable laws, regulations and regulatory requirements.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management and will receive recommendation from the Remuneration Committee, which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee comprised one executive Director and two independent non-executive Directors, namely, Wong Ho Kwan (Chairman), Mr. Huang Hua and Mr. Hu Dalin.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to cope with the Company's corporate strategy; identify individuals who may be suitably qualified as Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of the independent non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, no Nomination Committee meeting was held as the Company only became listed on the Main Board of the Stock Exchange on 15 January 2025. As of 28 March 2025, the Nomination Committee held a meeting to (i) review the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of perspectives); (ii) assess the independence of the independent non-executive Directors; (iii) review the policy on Board diversity and measurable objectives for implementing the Board Diversity Policy; and (iv) review the re-appointment of Directors who are subject to retire by rotation at the forthcoming annual general meeting of the Company.

Board Diversity

The Company also recognises and embraces the benefits of having a diverse Board to enhance its performance and has adopted a Board Diversity Policy aiming to set out the approach to achieve diversity on the Board. The implementation of the policy is monitored by the Nomination Committee. In designing the Board's composition, board diversity has been considered from a number of measurable objectives, including but not limited to gender, age, cultural and educational background, and professional experience. According to the requirements of the CG Code, the Company has set a preliminary goal of appointing at least one director of a different gender onto the Board, and this goal was achieved when Ms. Ma Lei was appointed as a director in October 2018. As of 31 December 2024, the gender diversity ratio of the Board was 33.3% (three out of nine directors were female). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time and at least on an annual basis to ensure their appropriateness in determining the optimum composition of the Board.

As of 31 December 2024, 1 of 3 of the senior management who are also Directors of the Group is female, representing 33.3% of the senior management. The Group had a total of 69 female staff out of 187 employees, representing 36.9% of the employees of the Group. The Group will continue to promote gender equality in recruitment, promotion, training and succession planning and improve the representation ratio of female in middle and senior positions, to reserve talent echelon for Board diversity.

During the Reporting Period, the Board has reviewed the Board Diversity Policy and considered that the implementation of the policy was effective.

The Company has also adopted the Procedures for the Nomination Committee to nominate to the Board a person as Director which sets out the criteria and process of selection and performance evaluation, and provides guidance to the Board on nomination and appointment of Directors of the Company. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

CORPORATE GOVERNANCE REPORT

In identifying and selecting suitable candidates for directorship, the Nomination Committee would consider at its discretion the candidate's character including integrity, honesty and fairness, backgrounds and qualifications including professional qualifications, skills, knowledge, experience, independence and other relevant necessary criteria, if applicable, to cope with the corporate strategy and achieve board diversity, before making recommendation to the Board. The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other members of the management and external recruitment agents.

Strategy Committee

The Strategy Committee comprised three executive Directors, namely, Mr. Hu Dalin (Chairman), He Feng and Ms. Ma Lei.

The main duties of the Strategy Committee are to study and make recommendations to the Board on the Company's long-term development strategies and major investment decisions.

The written terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, no Strategy Committee meeting was held as the Company only became listed on the Main Board of the Stock Exchange on 15 January 2025. On 28 March 2025, the Strategic Committee held a meeting to consider the Company's medium- and long-term development strategic planning, operational goals and policies, various operational strategies (including product, research and development, marketing, market and talent strategies), significant strategic investment and financing plans and other significant issues, and review the composition, responsibilities and performance of this committee.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board has reviewed the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and the Guidelines for Securities Dealings by Relevant Employees, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

Directors' Responsibilities for Financial Reporting in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The management provides all members of the Board with regularly updates on the Company's performance, positions and prospects.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this Annual Report.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is fully responsible for evaluating and determining the nature and extent of the risks it is willing to take to achieve the Company's strategic objectives, and for establishing and maintaining appropriate and effective risk management and internal control systems to safeguard Shareholders' investments and the Group's assets.

The Audit Committee assists the Board in overseeing the design and implementation of the risk management and internal control systems. The Company has developed and adopted different risk management procedures and guidelines. Self-evaluation would be conducted each year to confirm that the Company has properly complied with the risk management and internal control policy. All divisions would conduct internal control assessment to identify risks factors with potential impact on the Group's business. The management would assess the likelihood of risk occurrence, monitor the progress of risk management and report to the Board and the Audit Committee on the findings and effectiveness of the systems.

The Group has developed its disclosure policy to provide a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Company has engaged experienced personnel for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as assisted by the Audit Committee and the management, has reviewed the internal control assessment report and related documents and the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls for the year ended 31 December 2024. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions as well as those relating to the Company's environmental, social and governance performance and reporting. The Board considered that such systems are adequate and effective and ongoing review of the same nature would be conducted annually.

CORPORATE GOVERNANCE REPORT

Handling of Inside Information

The Group is aware of its obligations under the SFO and the Listing Rules. During the Reporting Period, the Group has implemented procedures and internal controls to address and release inside information, including:

- (1) the Group has our own procedures in place to maintain the confidentiality of price-sensitive information and/or inside information about the Company;
- (2) the Group will communicate with and from time to time remind all Directors, Supervisors, senior management and relevant employees who may have access to price-sensitive information and/or inside information to comply with such procedures; and
- (3) the disclosure requirements and guidelines under the Listing Rules will be taken fully into account in the Group's dealings.

In conclusion, the Company believes that its risk management and internal control systems are sufficient and effective.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditor's Report" in this Annual Report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year ended 31 December 2024, the remuneration paid/payable to the Company's external auditors, PricewaterhouseCoopers is set out below. The remuneration for the audit services also includes the service fees in connection with the initial public offering. The non-audit service conducted by the auditor is agreed-upon procedures service.

Nature of Services	Remuneration (RMB'000)
Audit services	2,880
Non-audit services	100
Total	2,980

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Cheung Lai Ha (張麗霞) was appointed as the company secretary of the Company since June 2023. Ms. Cheung is primarily responsible to perform company secretarial matters. Ms. Cheung is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

On 28 March 2025, Ms. Cheung has resigned as the joint company secretary and Ms. Leung Hoi Yan (梁熾欣) has been appointed as the company secretary in replacement of Ms. Cheung. Ms. Leung an assistant manager of Entity Solutions of Computershare Hong Kong Investor Services Limited, as the Company's company secretary. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. He Feng, an executive Director has been designated as the primary contact person of the Company who would work and communicate with Ms. Cheung and Ms. Leung (as the case may be) on the Company's corporate governance and secretarial and administrative matters.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

For the year ended 31 December 2024, each of Ms. Cheung and Ms. Leung has taken not less than 15 hours of relevant professional training in compliance with the requirements of Rule 3.29 of the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company maintains a website at "www.saimo.cloud" as a communication platform with shareholders and investors, where information and updates on the Group's business operations, developments and financial information are available for public access.

The general meetings of the Company provide an opportunity for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee and, in their absence, other members of the respective committees, are available to answer questions at general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll. A notice to Shareholders is sent by the Company at least 20 days before the annual general meeting and at least 15 days before the extraordinary general meetings.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments.

SHAREHOLDERS RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings for each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company immediately after the relevant general meetings.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

According to the Articles of Association, the shareholder(s) individually or collectively holding more than 10% of the Shares shall be entitled to request the Board of Directors to convene an extraordinary general meeting, and shall put forward such request to the Board of Directors in writing. The Board shall, pursuant to the laws, administrative regulations and Articles of Association, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within 5 days after it passes a resolution thereon, provided that no change shall be made to the request in such notice without the consent of the relevant shareholders.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to respond within 10 days upon receipt of the request, the shareholder(s) individually or collectively holding more than 10% of the Shares shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within 5 days upon receipt of the request, provided that no change shall be made to the request in such notice without the consent of the relevant shareholders.

In the case of failure to issue the notice of general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting and the shareholder(s) individually or collectively holding more than 10% of the Shares for 90 or more consecutive days may convene and preside over such meeting by such shareholder(s).

If the Supervisory Committee or any shareholder(s) decides to convene a general meeting by itself/themselves, they shall notify the Board of Directors in writing. Prior to the publication of announcement of the resolutions adopted at such general meeting, the shareholders convening such meeting shall hold at least 10% shares in the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETING

Pursuant to the Articles of Association, shareholder(s) individually or jointly holding 1% or more of the Company's shares shall have the right to make a proposal to the Company at a shareholders' general meeting of the Company.

The shareholder(s) individually or jointly holding 1% or more of the Company's shares may make ad hoc proposals in writing to the convener of a shareholders' general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such ad hoc proposals within two days after receipt thereof.

Except as provided by the preceding paragraph, the convener of a shareholders' general meeting shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals subsequent to the issuance of the announcement regarding the notice of the shareholders' general meeting.

Proposals which are not specified in the notice of the shareholders' general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the shareholders' general meeting. For shareholders who want to put forward their proposals, please refer to the section headed "Directing Enquiries to the Board" below for contact details.

CORPORATE GOVERNANCE REPORT

DIRECTING ENQUIRIES TO THE BOARD

Shareholders may put forward any enquiries to the Board, by sending written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice, statement or enquiry (as the case may be) to the following address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Address: Room 301, Zhongguancun International Innovation Building, No. 67 North Fourth Ring West Road, Haidian District, Beijing
E-mail: saimo@saimo.ai

For enquiries about H share shareholdings, Shareholders should direct their enquiries to the Company's H Share Registrar. Their details are as follows:

Name: Computershare Hong Kong Investor Services Limited
Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road, Wanchai, Hong Kong
Tel No.: (852) 2862 8555

POLICIES RELATING TO SHAREHOLDERS

The Company has a Shareholders' Communication Policy in place to ensure that Shareholders' views and concerns are appropriately addressed. During the Reporting Period, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed under the paragraphs headed "Communications with Shareholders and Investors" and "Shareholder Rights" in this Annual Report.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, interim, special, final dividends and any distribution of net profits that the Board may deem appropriate may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to the Shareholders' approval.

CONSTITUTIONAL DOCUMENTS

The Articles of Association have been effective since the Listing Date and the latest version of the Articles of Association has been published on the websites of the Stock Exchange and the Company. There has not been any change to the aforesaid Articles of Association since the Listing Date and up to the date of this Annual Report.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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OUR VISION FOR SUSTAINABILITY

Beijing Saimo Technology Co., Limited (Stock Code: 2571.HK, hereinafter “the Company” or “the Group”) focuses on intelligent connected vehicle (“ICV”) simulation testing technologies, and primarily engaged in design and R&D of ICV simulation testing products and the provision of related testing, validation and evaluation solutions. ICVs refer to a new generation of vehicles that are equipped with advanced on-board sensors, controllers, actuators and other devices, and that integrate advanced communication and network technologies.

Reporting Framework

The Report covers the progress and performance of the Group on ESG issues from 1 January 2024 to 31 December 2024 (the “Reporting Period”). The key performance indicators (KPIs) in the Report cover the Economic KPIs and social KPIs, which cover all the entities within the scope of the Group’s financial statements.

The scope of the environmental performance indicators covers the entire office area of the Group’s head office, its subsidiaries and branches, situating in 3 cities of the PRC.

The ESG Report is prepared in accordance with the Environment, Social and Governance Reporting Guide (the “Guide”) contained in Appendix C.2 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (“Listing Rules”) and written in principle of “comply or explain”, and has complied with all mandatory disclosure requirements and the “comply or explain” provisions set out in the Guide.

In preparing this ESG Report, the ESG Executive Group has followed the principles of materiality, quantitative and consistency under which we believe it has applied a consistent and structured methodology for determining the materiality level, measuring in meaningful quantitative units and reporting our ESG matters in a scope that is relevant and significant to the Group.

The ESG Report focuses on the activities implemented during the Reporting Period.

REPORTING PRINCIPLES

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so to enable stakeholders to comprehend the Group’s ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in detail in the corresponding sections.

INFORMATION AND FEEDBACKS

We value your feedback on this ESG Report and our sustainability plan. Should you have any comments and suggestions, please feel free to contact us by email to ir@saimo.ai.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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BOARD'S OVERSIGHT OF ESG

The board of directors (the "Board") has the overall responsibility for ESG strategy, materiality assessment, initiatives, policy and reporting of the Group.

The Group has established a scientific and modern corporate governance framework to ensure that ESG governance could play a better role in its corporate organisation and operations. The Board of the Group coordinates its ESG matters as a whole, which is responsible for assessing and determining the Group's ESG-related risks and opportunities; ensuring that appropriate and effective ESG risk management and internal control systems are in place; formulating the Group's annual ESG management approach, strategies, priorities and targets; regularly reviewing the Group's performance against ESG-related targets; and approving disclosures in the Group's ESG Report. In the meantime, the Board has established three committees in accordance with the requirements of the Listing Rules. The committees select candidates for directors based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The nomination committee will continuously oversee the implementation of the Board's diversity policy.

We have established an ESG working group with the authorisation of the Board to coordinate, manage and report ESG matters. The ESG working group is responsible for ensuring that the Group has appropriately skilled people, policies and measures to manage ESG matters, and for regularly reporting to the Board on the management effectiveness of the Group's ESG strategies and related measures. Through continuous improvement of corporate governance, we build a corporate culture of trust and responsibility to protect the legitimate rights and interests of stakeholders and enhance corporate value.

The Board

- assessing if the Company establishes appropriate risk management
- approving ESG Report

The Audit Committee

- Assessing if appropriate ESG strategies are set
- Reviewing ESG risks and corresponding internal monitoring system are fit
- Reviewing ESG Report

ESG Working Group

- Composed of Functional departments and External advisor
- Formulating ESG work plans, reporting ESG work to the Board of directors
- Identifying and determining material ESG issues
- Performing ESG risk assessment and corresponding control
- Formulating and updating ESG policies
- Setting sub-targets based on the Company's ESG targets
- Collecting ESG data and preparing the ESG Report

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an incubator of our sustainable development plan, which is also an important step to gather valuable ideas about ESG issues for materiality assessment in order to sharpen the focus of our sustainability strategy. In preparing our ESG Report, we have primarily engaged major stakeholders through a number of channels. We believe that trust is built on effective communication. Ongoing interaction with stakeholders is an integral part of our day-to-day operations and marketing campaign across the country. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the community. Our communication channels such as comments left in our social platform, meetings, interviews, and promotion booths enable stakeholders to express their ideas, opinions and suggestions. It attaches great importance to the suggestions and feedback of stakeholders and has set up a variety of communication channels to hear the stakeholder voice and ensure that information is open and transparent and the communication process is efficient.

Sustainability Materiality Assessment

A list of sustainability topics is identified which are potentially material to our Group in the context of our business and day-to-day operations. The results of the materiality assessment showed the top of the list weighted by stakeholders were “product research & development capability” and “employee career development”.

Stakeholders	Identified ESG material issues
Employees	Competitive compensation and benefits, career development
Investors	Protecting shareholder’s rights and interests, disclosing important information
Customers	Product research & development capability, customer experience, compliance operation
Suppliers	Fair competition, win-win cooperation
Communities	Compliance with laws and regulations, devoting to social welfare, promoting community development

In the ESG Report, we will accordingly enhance the disclosure of our work and performance in these aspects, and highlight the top-ranked issues. This result would be an important reference in our sustainable development plan to enhance our management capabilities in environmental, social and governance areas and deepen our sustainable development practices.

Objective and process

Over 65% of our GHG emission came from electricity consumption, in assessing effective target, we explore different cooperation opportunity with our suppliers. In the Reporting Period, delegate low risk maintenance activities to our suppliers.

ESG Dimension	Targets	2024 process
Environmental dimension	35% reduction in Scope 2 GHG emissions by 2035 compared with 2023 baseline.	Scope 2 GHG emissions reduced from 236 tonnes to 177 tonnes. Increased cooperation with suppliers, our consumption of purchased electricity reduced from 414,000 kWh to 244,360 kWh.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

The second largest resource consumption is water, considered that water consumed in our office solely for domestic usage such as mopping floor, keeping personal hygiene, drinking water, we do not set any reduction target on water but we will continue monitor the usage to avoid any wasting and misappropriation.

OUR BUSINESS MODEL

We offer intelligent connected vehicle (ICV) simulation testing software and platform, ICV data platforms and other products, ICV testing and related services, and advisory and other services.

ICV simulation testing software and platforms

- simulate a testing platform and standalone software
- to test, validate and evaluate the functional completeness and safety of intelligent driving algorithms

ICV data platforms and other products

- to achieve effective regulation and decision-making in monitoring ICVs
- to establish intelligent connected data centres or intelligent transportation platforms, or to meet regulatory requirements regarding the filing of automotive OTA upgrade information

ICV testing and related services

- simulation tests, closed-course site tests, platform operation, maintenance and related services
- to assist client test, validate and evaluate the safety and driving capabilities of ICVs
- to assist clients operate and maintain ICV-related platforms

Advisory and other services

- provide advice and technical help on ICV policies, laws, regulations, and industry standards
- help government authorities organise conferences and seminars for the ICV and related industries
- support government authorities and others in managing drone test operations or tests

Supply Chain Management

As a leading PRC-based technology company specializing in ICV simulation testing and validation solutions, our supply chain is critical to delivering innovative, safety-certified products like Sim Pro and Safety Pro. We underscore our reliance on efficient, high-quality supply chain operations.

Our supply chain is structured around three primary categories of domestic suppliers. First, hardware and components suppliers provide essential infrastructure, including servers, simulation equipment, and data storage devices. Second, technology and software suppliers support non-core research and development (R&D) activities, such as data collection services and the customization of operating systems like Linux. Third, service providers deliver ancillary operational support. All our 27 suppliers are based in China, which streamlines our communication process and also exposes the supply chain to domestic market dynamics.

Quality and safety remain foundational to our operations. Our proprietary Sim Pro, the world's first ICV simulation testing, validation and evaluation tool chain to achieve ISO 26262 ASIL D certification (the highest functional safety standard), and Safety Pro, which obtained ISO 26262 TCL 2 certification in 2023, exemplify our commitment to rigorous safety standards. By integrating self-developed safety analysis tools with simulation testing platforms, we ensure comprehensive validation of ICVs across extreme scenarios, significantly reducing reliance on physical testing while enhancing scalability and safety.

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Since we are operating in a high-tech and newly emerging industry where highly regulated, we have limited choice of suppliers. Our localized supply chain minimizes cross-border risks but requires careful governance to address concentration vulnerabilities.

We assess all our existing suppliers by day-to-day communication including video-conferencing and physical meeting to ensure competency and avoid communication gap. To increase efficiency and avoid waste of resource (i.e. electricity consumption) by our suppliers, we worked with all our suppliers to schedule only necessary meetings and promote video-conference so as to reduce numbers of stimulation or demo.

Our focus on product safety certifications aligns with broader ESG objectives, particularly in advancing reliable and secure autonomous driving technologies. Moving forward, we aim to balance supplier efficiency with resilience, exploring diversification strategies and deeper collaboration with partners to mitigate risks and strengthen transparency across the supply chain. We proactively review our suppliers' operational and compliance aspects with industry development.

Product responsibility

We always focus on customer needs and provide safe and high-quality products and services. To foster a secure network environment, we have improved our cybersecurity management policy and structure, and optimized our cybersecurity technologies.

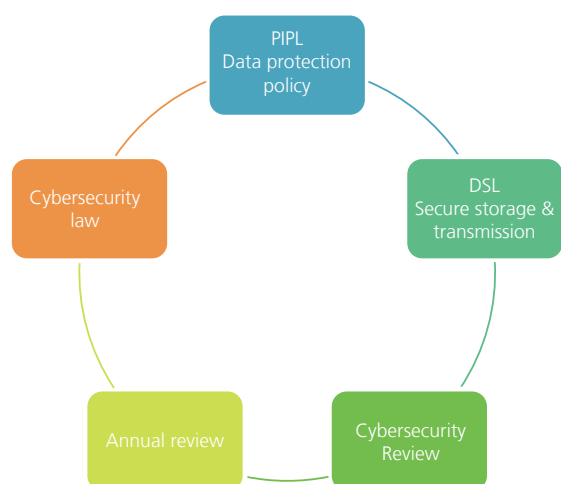
Security Management Structure

The Board attaches great importance to data security and privacy protection issues. We have in place comprehensive internal control measures and policies to make sure we do not violate any applicable laws or regulations on data protection and privacy or infringe on any third-party rights in our collection and processing of data. Some of our measures are:

- 1 Data is collected on an as-needed basis
- 2 Limit data collection method and monitor the process
- 3 Our data collection personnel are not allowed to infringe the security policy or violate the encryption rules
- 4 Limit the volume of data to be collected, duration to keep, and consider potential public interest implications.
- 5 Internal control measure to ensure secured storage and transmission of data
- 6 Adopted internal management procedures to ensure the safety management of data, including data processing guidelines covering the full-cycle of data processing, facility entry control, use control, access control, and vendor control

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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Data security and privacy compliance

We operate in a highly regulated environment, particularly in the areas of cybersecurity, data protection, and privacy. Security breaches could significantly harm our reputation, brand and financial performance. We collect personal information directly from business partners and indirectly through real-world data related to vehicle traffic and movement. We are legally obligated to protect this data from leakage and comply with various regulations, including the Personal Information Protection Law (PIPL), Data Security Law (DSL), and Measures for Cybersecurity Review.

Measures for data protection

To ensure compliance, we have implemented multiple measures, such as encryption, access controls and regular audits.

Monitoring and Adaptation

We are closely monitoring regulatory developments. We may need to adapt our policies to comply with these new requirements. We have established security and data protection policies in compliance with the Cybersecurity Law, DSL, PIPL and other relevant regulations.

In the reporting period, we did not have any non-compliance practice or claim.

Quality Assurance Management

We have established a robust quality assurance framework that ensures the highest standards of product and service delivery. This framework is built on strong in-house research and development (R&D) capabilities, stringent quality control measures and a commitment to continuous improvement. Below is a detailed overview of the Company's quality assurance efforts.

1 Strong R&D Foundation

Our quality assurance begins with its strong R&D capabilities, which form the backbone of the technological innovation and product development. Our research and development workforce accounts for more than 70% of our total workforce. Besides, we obtained various awards and certifications, including Key Software Enterprise National High and New Technology Enterprise and Zhongguancun High and New Technology Enterprise.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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2 Comprehensive Quality Control measure

We focus on both process quality and result quality. For process quality, we have obtained certifications, such as ISO 26262 FuSa, GB/T 19001-2016 and ISO 9001:2015, which demonstrate our adherence to international and domestic quality standards.

We provide maintenance services and technical support, which are provided at no cost during the warranty period (normally for one to three years) for our products. This commitment to customer satisfaction underscores our dedication to quality.

3 Certifications and Accreditations

The Company's quality assurance efforts are further validated by the numerous certifications and accreditations. Our product safety and quality certifications include ISO 26262 ASIL D and TCL 2 certifications, Quality Management System Certification and Information Security Management System Certification.

4 Intellectual Property Protection

The Company's core technologies are protected by intellectual property (IP) rights, ensuring the integrity and uniqueness of its products.

We have invested significant resources in developing proprietary technologies and know-how. We enter into employment agreements with confidentiality, non-compete and IP ownership clauses to protect our intellectual property.

Labelling and advertising

We do not directly sell of physical product with labelling or advertising.

Our suppliers are generally responsible for packaging, transportation and/or insurance costs incurred prior to delivering the hardware products to us.

We maintained close communication with suppliers to make sure they comply with applicable material laws and regulations such as

- Cyber Security Law of the People's Republic of China
- Personal Information Protection Law of the People's Republic of China
- Law of the People's Republic of China on Resident Identity Cards
- Advertising Law of the People's Republic of China

As at 31 December 2024, we possessed 82 registered patents and had applied for 88 additional patents in the PRC. We also registered 61 copyrights, including 60 software copyrights.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

5 Commitment to Continuous Improvement

We emphasize the importance of quality and reliability in achieving long-term success. Our risk management team systematically identifies and monitors risks that could impact product quality and compatibility. This proactive approach ensures timely mitigation of potential issues.

In the Reporting Period, we did not have any product recall cases.

Customer Service

We aim to provide a superior service experience to our customers. In order to improve our business, we perform customer service evaluations regularly. For non-face to face channels, we continue to strengthen process management. We provide consumers services through direct communication with our WeChat, email and direct representative fixed telephone line to promote real-time response to product complaints, enabling us to take requisite precautions to prevent related issues from reoccurring.

We do not have product recall option, we perform per contract requirement and constantly communicate with our client on product amendment whenever necessary according our contract terms.

We set out policy in compliance of goods and services with the Consumer Protection Law and Product Quality Law of PRC. We attach great importance to customer information security and privacy protection. We implement a set of corresponding customer privacy protection measures to strictly safeguard the personal information of each customer. We prohibit unwarranted sharing of screenshot and revealing of personal privacy. Specific personnel are also assigned to file and archive customer information while unauthorized access is prohibited.

In the Reporting Period, we did not have any non-compliance or material complaints from our customers.

Anti-corruption & Whistle-blowing Practice

The Group realizes the importance of staff integrity. We strive to ensure business activities within the Group are carried out in good faith and in ethical and lawful manner. The Group strictly complies with relevant laws and regulations, including but not limited to the Criminal Law of the PRC and the Anti-money Laundering Law of the PRC. The Group has established internal controls, authority limits and segregation of duties for our major processes, assigned senior management of finance department to design, implement and revise the internal controls regularly and set up an internal audit department to review and monitor the related measures independently.

The management of the Group discusses and decides on contingency plans for major risks, refines countermeasures, links such risk countermeasures with day-to-day business operations for the proper implementation by responsible departments and functionaries and makes clear the crucial contingency arrangement. The Group has established a bottom-up reporting channel to ensure effective monitoring of risk countermeasures and give all full play to the role of risk management.

We prohibit all forms of bribery, extortion, fraud and money laundering and encourage reporting of non-compliance incidents or potential conflicts of interests to our senior management and/or independent internal audit function by our stakeholders. Any material non-compliance with our protocol may result in summary dismissal and/or court actions. In the Reporting Period, we follow relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, in all material aspects.

The Group does not encounter any legal cases or actions against us in relation to bribery, extortion, fraud and money laundering in the Reporting Period.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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We have a whistle blowing practice. Our Human Resource Department serves as our first line of reporting to which our staff are encouraged to file their concerns. We also have an intranet system for our staff to communicate important matters to the Senior Management.

The management of the Group understand the importance of whistle-blowing policy and system and hence, is in the plan of formulating a more stringent whistle-blowing policy that will meet the expectation of the market and our stakeholders.

Community Involvement

As a responsible corporation, the Group has been working towards building a beautiful and healthy community and maintaining communication and interaction with the community to contribute to the development of the community.

Our company is committed to fostering holistic employee well-being through culturally enriching and physically engaging initiatives. In collaboration with local unions, we organize traditional handicraft workshops such as lantern-making, allowing employees to explore artistic expression while connecting with heritage craftsmanship. To promote active lifestyles, we continue to host regular walkathons under the "Joyful Fitness" program, encouraging teamwork and stress relief through group activities. Additionally, team-building events like shuttlecock kicking tournaments enhance coordination and camaraderie. Monthly sports sessions, including basketball and badminton, further support physical health and work-life balance. These programs reflect our dedication to nurturing both mental resilience and physical vitality within our workforce.

EMPLOYMENT PRACTICES

Diversity and Equal Opportunity

We believe that employees are the most important assets of an enterprise and the core driving force for continuous development. We are committed to improving the employment system and striving to provide employees with comprehensive protection of their rights and interests. As we uphold the principles of openness, fairness and impartiality, we advocate employee diversity and resolutely oppose discrimination, striving to eliminate any injustice to candidates and employees arising from factors such as gender, age, race, religious beliefs and gender orientations. With a view to protecting the legitimate rights and interests of employees, the Group's working hour policies for our employees have been in strict compliance with national laws and regulations. Our employees have standardized working hours, and enjoy paid leave, maternity leave, sick leave, public holidays and designated rest periods, which guarantee they have sufficient rest time and appropriate work-life balance. Besides, we prohibited the use of child and forced labour. In the recruitment and selection of talents, those under 16 years of age must not be recruited by reviewing the identification of personnel. Any material non-compliance with our protocol may result in summary dismissal.

Employee Structure

As at 31 December 2024, we have 187 full time employees. We don't hire part time or temporary staff directly, as we aim to maintain our work process stability and quality.

An employee handbook is established for regulating recruitment, promotion, discipline, working hours and vacations. It is required staff must have a good understanding of the contents of the handbook. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every staff to grow with the Group. Our employment practices are well written according to relevant PRC law and regulations, namely Labour law, Production Safety Law and Prevention and Control of Occupational Diseases. In the reporting period, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards, in all material aspects.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

We have established a consistent recruitment process that aims to recruit and attract talent to our teams suited to the job requirements of each department. The Group's recruitment methods mainly include network social recruitment, internal recommendation, campus recruitment with reference to factors such as their experience, qualifications and expertise required for our business operations. Applicants who meet the requirements for a post are given equal interview opportunities regardless of gender, age, race, religion or disability. A detailed description of the job, including duties, welfare and salary packages are also provided. Applicants who have relatives who work in the same Group must clarify personal relationships and that family members' work in the Group is not affected.

Our employee's remuneration is determined based on factors such as qualification, contribution and years of experience. We regularly conduct employee performance assessments and those with excellent performance are given promotion opportunities.

To enhance our internal control on the social insurance premium and housing provident funds, we have obtained legal advice and assigned our finance and human resource department to monitor the status of monthly payments. Also, we provide entry-level employees with insurance policies.

In the Reporting Period, the Group follows relevant laws and regulations in relation to staff compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other staff benefits, in all material aspects.

Employee Benefits and Welfare

We are committed to providing employees with competitive compensation and comprehensive welfare and protections. We regularly review our compensation and benefits programs in order to attract, motivate and retain talented employees. Annual reviews are conducted to exchange comments, offer adjustments and/or promotions to employee which are commensurate with their performance. In order to maintain the smooth and sound relationship between employees and employers, we regularly organize social and recreational activities for employees to enrich work and social life.

Training, Education and Development

The Group is committed to providing employees with comprehensive training that caters for job requirements and career planning, which in turn provides a dynamic and innovative talent pool for the long-term development of the Company. Through a combination of orientation in-house training and on-the-job training, the Group strives to make sure that all employees are equipped with operational abilities. It helps employees learn and grow in practice, supporting and encouraging them to pursue self-improvement and life-long learning. We offer continuing education programs in place to cultivate our employees' professional skills and capabilities.

Anti-Corruption Training

The Company has rolled out a rotation plan of anti-corruption trainings in the reporting period. We intend to provide anti-corruption trainings, through professional organization, to our Directors and Management and front-line sales department personnel first, and then gradually extend such training to our staff on a 4-year rotation plan targeting to attain a 100% training coverage in 4 years.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

Occupational Health and Safety

To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established a series of work safety policy and standard operating procedures. We have implemented the responsibility for production safety and accountability, comprehensively carrying out the investigation and handling of hidden hazards in production safety. We also provide information, training, and protective equipment to ensure employees' safety. We strictly comply with all applicable local health and safety regulations. In addition, the Group provides occupational safety education and training to employees to enhance their safety awareness. We strove to raise employees' safety awareness and improve their risk prevention capabilities on a continuous basis. The Group provides work protocol and safety guideline. With the goal to effectively manage occupational safety and health, the Group adopts appropriate and adequate tools in order to improve the effectiveness of the operation. Besides, the Group posts safety and operational instructions in conspicuous places, and thereby reducing the possibilities of significant occupational safety and health impacts.

An occupational hazard contributes to severe health problems among workers. Interventions on awareness-raising will be continued to lessen the risk of safety hazards. In the Reporting Period, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards, in all material aspects. In the Reporting Period, within the Group two minor job-related injury was noted. The Group has not encountered any work-related fatality incidents in the past three years. We monitor the effectiveness of safety-related controls continually and conduct assessments on its health and safety performance in order to conserve a healthy and safe workplace for our employees and protect them from work related injuries.

ENVIRONMENTAL PERFORMANCE

We concentrate our resource on managing our core operation (R&D and sales) by engaging external professional parties to maintain hardware to minimize consumption and enhance overall efficiency. We generally do not generate, whether directly or indirectly, industrial pollutants in our course of business. Therefore, we are not subject to significant environmental risks. In the Reporting Period, we had not been subject to any fines or other penalties due to non-compliance with environmental laws and regulations. We do not expect any material liabilities or expenditures to be incurred in such respect in the foreseeable future. In addition, we have obtained the GB/T24001-2016 and ISO14001:2015 Environmental Management System Certification in recognition of our efforts in maintaining international environmental management standards.

In the Reporting Period, our major environmental impacts on the environment and natural resources are greenhouse gas ("GHG") and GHG emissions come from purchased electricity.

Use of Resources

Our major resource consumption in our operation is the use of purchased electricity and business travel. We continually identify ways to improve efficiency by replacing energy intensive equipment, actively conserving resource and regularly assessing operating performance. We rely on the electricity and water supply of the government. We do not anticipate having problem in sourcing them for our operation.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

Consumption Management

The Group employs multiple energy saving initiatives to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean and installs LED lightings to replace traditional fluorescent light tubes and reminds employees to switch off unnecessary lights. To reduce the use of air conditioning, employees are required to switch off the air-conditioners during non-working hours and allowed to dress casually. Room temperature is maintained at 25.5 degree Celsius at all time. Air conditioning systems are also cleaned regularly to enhance their operation efficiency. The Group also encourages employees to set the computers to automatic standby or sleep mode and to turn off unused electrical devices before leaving the office.

Waste Management

The amount of waste water increased along with our staff level. We do not have a comprehensive study on its coefficient at the moment. The major waste water generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system.

The non-hazardous waste is general waste. General wastes are collected and handled by the commercial building management office. The quantity of general waste was less than twelve A4-size rubbish bags per day which contain office materials consumed in our offices, we consider the amount immaterial. We didn't generate any hazardous waste.

Compliance Operation

Compliance operation always come first. Our operation policy and process comply with all relevant environmental laws and regulations in PRC during our daily operation including prevention and Control of Water Pollution, Prevention and Control of Environmental Pollution by Solid Wastes, Environmental Protection Law and Conserving Energy Law.

In the foreseeable future, our expenses regarding ESG issues are estimated to continue to increase along with our overall business development. We strive to balance business growth and environmental protection to achieve sustainable development in our business operation. Taking into account the historical levels and the expected increase in the number of staff and electricity consumption in light of our strategic expansion plan, to improve our operation efficiency, our management team strictly monitor, manages and evaluate to make every possible improvement in our operation (efficient resource consumption).

Responding to Climate Change

The Board is of the view that the Group is not subject to material climate change-related risks and impacts. Although, the Company do not perform a study on climate change effect or impact, we do provide various form of resource conversation actions in our operations.

The Group understands the direct relationship between sustainable development and competitiveness. The energy consumed by business activity does make an impact on water, air and soil resources, and therefore on the ecosystem. The Group also recognises the importance of balancing economic, environmental and social needs. All Group subsidiaries continue to introduce technical refinements and innovations to fulfil targets for reducing, reusing, recycling and renewing natural resources, reducing emissions and waste, improving the utilisation efficiency of natural resources. We encourage our staff to take train instead of airlines for business trips whenever feasible.

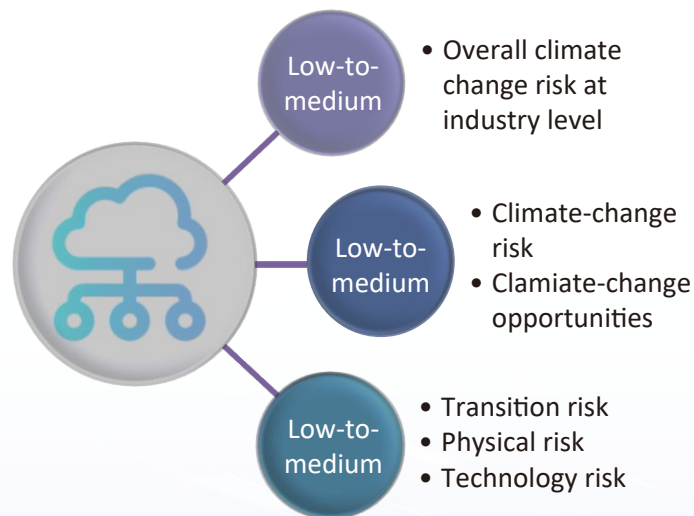
ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

The Company takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure ("TCFD") in assessing the climate changes impacts on the Group. We have assessed a series of risks, including:

1. Transition risks that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change in the course of Transitioning to a lower-carbon economy. There are four sub-risks, namely Policy and Legal Risks, Technology Risk, Market Risk and Reputation Risk.
2. Physical risks that may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption, which can be driven by acute events ("Acute Events") or longer-term chronic shifts ("Chronic Shift") in climate patterns.

Based on the on-going assessment of the Company, the Company believes the Group is subject to lower physical risk, particularly those driven by acute events. The overall risk-rating of climate-change-related risks and opportunities of the Group is considered low.



ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

Climate Change impact assessment

The Board has instructed the ESG working Committee to perform an assessment on the climate-change-related risks and opportunities of the Group. The following table presents the summary of the Group's assessment.

Type	Climate-Related Risks and Opportunities	Our measures or approach	Potential Financial Impacts when risks are realized
Transition Risk	Policy and Legal	The Group is of the view that there will be more regulatory or market policies or technology changes required or on the trend that would have impact to industry. The group will continuously monitor and adjust to adapt.	Possible
	Technology		The opportunities and benefits are considered possible. High entry barrier, more the opportunities for existing practitioners.
	Market	✓ Customers may have higher expectations of our image and services from an effective operating, and environmentally friendly perspective.	Possible
	Reputation		There is a possible impact on the reputation of our Company.
Physical Risk	Acute events	The Group is of the view that it is not subject to physical risks brought alone from climate change. However, the Group will take a monitoring approach and will continuously monitor the change in physical risks.	Remote
	Chronic shifts		The risks and impacts are considered remote.
Opportunities	Resource Efficiency	The Group is of the view that there will be more regulatory or market policies or technology changes required or on the trend that would have impact to industry. The group will continuously monitor and adjust to adapt.	Possible
	Energy Source		The opportunities and benefits are considered possible. High entry barrier, more the opportunities for existing practitioners.
	Products & Services		
	Market	Customers may have higher expectations of our image and services from an environmentally friendly perspective.	Possible
	Resilience		There is a possible market if we can build an environmental supply chain.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

SOCIAL KEY PERFORMANCE INDICATORS

Social indicators	B1.1 Number of staff	B1.2 Staff turnover rate
<i>By Gender</i>		
Male	118	31%
Female	69	25%
<i>By age group</i>		
Below 30 years old	89	17%
30 to 50 years old	95	41%
Above 50 years old	3	0%
<i>By geographical region</i>		
Beijing, PRC	128	19%
Shanghai, PRC	42	29%
Zhejiang province of PRC	17	106%

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

Note 2 – Employees in the specified category leaving employment divided by Number of employees in the specified category

B2 Work health safety – injury and fatalities statistic	2024	2023	2022
Cause of incident			
While operating machinery	0	0	0
Injured by heavy object impact	0	0	0
Others	0	0	0
Lost of workings days due to reported injuries	0	0	0
Legal case related to reported injuries	0	0	0
Compensation other than paid leave related to reported injuries	0	0	0
Case of Loss of life or induce permanent disability	0	0	0
Compensation paid	0	0	0

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

Note 2 – Previous year's figures are updated based on confirmation from medical and insurance company.

B3 Training received by staff		Percentage of staff trained	Average training hours per staff
By gender	Male	100%	2.2
	Female	100%	2.1
By ranking	Management	100%	1.8
	Ordinary staff	100%	2.2

Note 1 – employees here refer to staff with employment contractual relationship with the Group.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024

ENVIRONMENTAL KEY PERFORMANCE INDICATORS

KPIs	Indicators	Unit	2024
	Scope 1 GHG emissions ²	Tonnes	0
	Scope 2 GHG emissions ³	Tonnes	171
	Scope 3 GHG emissions ⁴	Tonnes	82
A1.2	GHG emissions (Scope 1, 2, and 3)	tCO ₂ e	253
	GHG emissions intensity (Total GHG emissions/number of employees)	tCO ₂ e/person	1
A2.1	Total electricity consumption	kWh	244,595
	Electricity consumption intensity (Total electricity consumption/number of employees)	kWh/person	1,308
A2.2	Total water consumption	Cu M	14,499
	Water consumption intensity (Total water consumption/number of employees)	Cu M/person	78
	Total paper related consumption	Kg	2,021
	Total paper consumption intensity (Total paper consumption/number of employees)	Kg/person	11

Notes to above table:

- 1 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.
- 2 We didn't consume any scope 1 non-renewable fuel.
- 3 Major source of Scope 2 emission came from usage of purchased electricity.
- 4 Indirect emissions from value chain and business travel were included in our scope 3.
- 5 We did not produce any hazardous waste. Our non-hazardous waste includes paper box waste, stickers, and domestic wastes. They were disposed where quantity immaterial and handled by the commercial building's management office as a whole. Since the quantity and value of non-hazardous waste are immaterial and subject to office, setting a target is not meaningful in our case.
- 6 We do not have any problem in sourcing water. Our water usage is solely for domestic use in commercial building premise. Since this is subject to human daily needs and difficult to predict or withhold, we do not consider setting up a target is meaningful in our case.
- 7 Since our revenue is generated by software and services which are both intangible, we do not consume packaging materials.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Beijing Saimo Technology Co., Ltd
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Beijing Saimo Technology Co., Ltd (the "Company") and its subsidiaries (the "Group"), which are set out on pages 81 to 144, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition – revenue recognised at a point in time
- Measurement of expected credit losses of trade receivables and contract assets

Key Audit Matter

Revenue recognition – revenue recognised at a point in time

Refer to Note 6 to the consolidated financial statements.

During the year ended December 31, 2024, the Group recognised revenue at a point in time amounted to approximately RMB220.7 million.

Revenue from provision of ICV simulation testing software and platforms, ICV data platforms and other products is recognised at a point in time when the related products are delivered to the customers' designated place, inspected and accepted by the customers. Revenue from ICV testing and related services, advisory and other services is recognised at a point in time when the services are completed and the related testing/advisory reports are delivered to and accepted by the customers.

How our audit addressed the Key Audit Matter

Our procedures in relation to revenue recognition – revenue recognised at a point in time mainly included:

- We understood and evaluated the management process and internal controls over revenue recognition at a point in time.
- We understood and evaluated the appropriateness of the Group's accounting policy on revenue recognition at a point in time by inquiring with management and tracing to the sales contracts, on a sample basis, to examine the key contract terms including the transfers of control of products or services to customers.
- We inquired with management of the new transactions occurred during the year, visited and interviewed with major new customers.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

We focused on this area because significant audit effort was devoted to this area due to the magnitude of revenue transactions and the variety of the products and services as agreed with customers.

How our audit addressed the Key Audit Matter

- We tested the sales transactions, on a sample basis, by tracing to the supporting documents including sales contracts, customers' acceptance reports, relevant processing documents and settlement documents.
- We tested whether the revenue transactions were recognised in the appropriate period by tracing to the supporting documents, on a sample basis, including sales contracts, customers' acceptance reports and other relevant processing documents.
- We performed confirmation procedures with main customers for revenue from delivery of products or services and the relevant account balances.

Based on the procedures performed, we considered that the Group's revenue recognised at a point in time was supported by the evidence obtained.

Measurement of expected credit losses ("ECL") of trade receivables and contract assets

Refer to Note 3.1(b), 6(a) and 21 to the consolidated financial statements.

As at 31 December 2024, the carrying amount of the Group's trade receivables and contract assets amounted to approximately RMB186.6 million and RMB3.6 million, respectively. Management has estimated the expected credit losses on the trade receivables and contract assets and loss allowances of approximately RMB9.0 million and RMB0.2 million was made as at 31 December 2024 against the trade receivables and contract assets, respectively.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Our procedures in relation to the ECL assessment of trade receivables and contract assets mainly included:

- We obtained an understanding of the management's internal controls and assessment process of the ECL provision on trade receivables and contract assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias.
- We evaluated the reasonableness of grouping of trade receivables and contract assets against their nature and risk characteristics and tested, on a sample basis, the accuracy of the key data inputs in the ECL assessment model including the aging of trade receivables and contract assets.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics, such as aging periods. The ECL are determined by reference to external credit rating of the counterparties and adjusted to reflect forward-looking information on macroeconomic factors in different scenarios. For certain counterparties with increased credit risk, their expected credit losses are evaluated on an individual basis.

We focused on this area due to the magnitude of the balance of trade receivables and contract assets and the fact that complex estimates and judgements were involved in the assessment of expected credit losses mentioned above.

How our audit addressed the Key Audit Matter

- In respect of the ECL assessment model, significant assumptions and parameters used and judgements made by the management, with the support from our internal valuation experts, we performed the following:
 - (a) Assessing the appropriateness of the ECL provisioning methodologies adopted by management.
 - (b) Assessing the reasonableness of the detailed application of the key ECL model parameters and assumptions, including probability of default and loss given default by referencing to the external credit rating of the counterparties.
 - (c) Evaluating the management's assessment and sensitivity analysis of the forward-looking information by considering the GDP growth rate and CPI growth rate with reference to the market condition and industry knowledge based on possibly changed economic scenarios and parameters.
 - (d) Testing the mathematical accuracy of the calculation of management's ECL assessment.
- We assessed the adequacy of the disclosures related to the expected credit losses of trade receivables and contract assets.

Based on the above procedures, we considered that the significant estimates and judgements made by management in relation to the ECL assessment of trade receivables and contract assets were supportable by available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31,	
		2024 RMB'000	2023 RMB'000
Revenue	6	221,883	175,703
Cost of sales	9	(70,088)	(51,139)
Gross profit		151,795	124,564
Other income	7	25,054	40,871
Other gains, net	8	2,848	1,192
Selling and marketing expenses	9	(10,916)	(7,731)
General and administrative expenses	9	(29,949)	(31,472)
Research and development expenses	9	(85,871)	(71,331)
Credit loss allowance recognized, net	9	(242)	(7,024)
Operating profit		52,719	49,069
Share of (loss)/profit of investments accounted for using the equity method	17	(558)	33
Finance income	11	6,004	3,123
Finance costs	11	(1,197)	(1,470)
Profit before income tax		56,968	50,755
Income tax (expenses)/credit	12	(1,874)	2,676
Profit and total comprehensive income for the year		55,094	53,431
Profit and total comprehensive income attributable to:			
Owners of the Company		53,666	55,479
Non-controlling interests		1,428	(2,048)
		55,094	53,431
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)	13		
Basic		0.55	0.56
Diluted		0.54	0.56

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

		As at 31 December,	
	Note	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Right-of-use assets	14(a)	49,031	26,346
Equipment	15	37,901	62,321
Intangible assets	16	52,279	31,742
Financial assets at fair value through profit or loss	19	28,731	25,882
Investments in an associate	17	321	879
Contract assets	6(a)	2,187	–
Deferred income tax assets	29	846	2,676
Other non-current assets		955	1,635
Total non-current assets		172,251	151,481
Current assets			
Inventory	20	23,945	1,742
Contract assets	6(a)	1,288	8,133
Trade and notes receivables	21	191,297	165,695
Prepayments and other receivables	22	59,589	39,462
Financial assets at fair value through profit or loss	19	7,029	112,201
Restricted cash	23(b)	4,236	3,669
Cash and cash equivalents	23(a)	208,325	118,431
Total current assets		495,709	449,333
Total assets		667,960	600,814
Equity			
Equity attributable to owners of the Company			
Share capital	24	100,000	100,000
Reserves	25	277,554	271,130
Retained earnings		176,024	127,580
		553,578	498,710
Non-controlling interests		4,130	2,702
Total equity		557,708	501,412

CONSOLIDATED BALANCE SHEET

		As at 31 December,	
	Note	2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	14(a)	30,065	22,242
Deferred income	30	14,710	19,907
Total non-current liabilities		44,775	42,149
Current liabilities			
Trade and notes payables	27	5,713	7,162
Current income tax payables		44	–
Other payables and accruals	28	23,641	21,050
Contract liabilities	6(b)	2,563	7,078
Lease liabilities	14(a)	31,686	18,278
Deferred income	30	1,830	3,685
Total current liabilities		65,477	57,253
Total liabilities		110,252	99,402
Total equity and liabilities		667,960	600,814

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 81 to 144 were approved by the board of directors on March 28, 2025 and were signed on its behalf.

Hu Dalin
Name of director

He Feng
Name of director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	
Balance at January 1, 2023		100,000	264,678	77,615	442,293	446,843
Profit and total comprehensive income for the year		–	–	55,479	55,479	(2,048)
Transactions with owners in their capacity as owners						
Capital contributions from non-controlling interests		–	–	–	–	200
Share-based payment expenses	26	–	938	–	938	–
Transfer to PRC statutory reserves		–	5,514	(5,514)	–	–
Total transactions with owners in their capacity as owners		–	6,452	(5,514)	938	200
Balance at December 31, 2023		100,000	271,130	127,580	498,710	501,412
Balance at January 1, 2024		100,000	271,130	127,580	498,710	501,412
Profit and total comprehensive income for the year		–	–	53,666	53,666	1,428
Transactions with owners in their capacity as owners						
Share-based payment expenses	26	–	1,202	–	1,202	–
Transfer to PRC statutory reserves		–	5,222	(5,222)	–	–
Total transactions with owners in their capacity as owners		–	6,424	(5,222)	1,202	–
Balance at December 31, 2024		100,000	277,554	176,024	553,578	557,708

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31,	
		2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	40,587	47,426
Interest received		4,198	3,040
Net cash generated from operating activities		44,785	50,466
Cash flows from investing activities			
Purchase of equipment and intangible assets		(43,645)	(69,365)
Interest income received from short – term investments measured at fair value through profit or loss		2,475	1,372
Purchase of short-term investments measured at fair value through profit or loss		(246,000)	(212,000)
Proceeds from the redeem of short-term investments measured at fair value through profit or loss		351,000	200,000
Receipt of government subsidies for equipment and intangible assets		10,025	27,436
Net cash generated from/(used in) investing activities		73,855	(52,557)
Cash flows from financing activities			
Proceeds injected by non – controlling interests		–	200
Payment of listing expenses to be capitalized		(9,954)	(14,855)
Payment of lease liabilities		(18,792)	(15,869)
Net cash used in financing activities		(28,746)	(30,524)
Net increase/(decrease) in cash and cash equivalents		89,894	(32,615)
Cash and cash equivalents at the beginning of the year		118,431	151,046
Cash and cash equivalents at the end of the year	23(a)	208,325	118,431

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Beijing Saimo Technology Co., Ltd. (the “Company”) was incorporated in Beijing, the People’s Republic of China (the “PRC”) on January 24, 2014 as a limited liability company. On November 8, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC, the Company and its subsidiaries (collectively, the “Group”) were primarily engaged in the provision of intelligent connected vehicle (“ICV”) testing, validation and evaluation solutions in the PRC.

On January 15, 2025, the Company completed its initial public offering, and its ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 BASIS OF PREPARATION

2.1 Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRSs comprise the following authoritative literature:

- International Financial Reporting Standards,
- International Accounting Standards, and
- Interpretations developed by the International Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated, as modified by the revaluation of certain financial assets at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (Continued)

2.3 New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – International Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.4 New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group.

Standards and amendments		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	January 1, 2026
Annual improvements project	Annual improvements to IFRS Accounting Standards – volumes 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IFRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the performance and positions of the Group, except IFRS 18, which may mainly impact the presentation of the Group's consolidated statements of comprehensive income and the Group is still in the process of assessing the impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk primarily arise from bank deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the profit before income tax for the years ended December 31, 2024 would have been approximately RMB583,000 higher/lower (2023: RMB592,000 higher/lower).

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(ii) Price risk

The Group is exposed to price risk in respect of the long-term investments and short-term investments held by the Group and classified in the consolidated balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, short-term investments measured at fair value through profit or loss, trade and notes receivables, other receivables and contract assets. The carrying amounts of each class of the above financial assets and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets and contract assets.

To manage risk arising from cash and cash equivalents, restricted cash and short-term investments measured at fair value through profit or loss, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

The Group's concentration of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2024 and 2023, 58% and 61% of the total trade and notes receivables was due from the Group's five largest customers, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

To manage risk arising from trade and notes receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually within 90 to 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances is low.

Impairment of financial assets and contract assets

The Group performs impairment assessments under the expected credit loss ("ECL") model on financial assets at amortized cost (mainly including trade and notes receivables and other receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade and notes receivables and contract assets

For trade and notes receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the trade and notes receivables and contract assets.

To measure the expected credit losses, trade and notes receivables and contract assets have been grouped based on shared credit risk characteristics, such as aging periods. The ECL are determined by reference to external credit rating of the counterparties and adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For certain counterparties with increased credit risk, their expected credit losses are evaluated on an individual basis.

The Group has identified China gross domestic product ("GDP") growth rate and consumer price index (CPI) growth rate of mainland China in which it provides services to be the most relevant factors, and accordingly adjusts the probability of default based on expected changes in those factors. Details of the loss allowance of trade and notes receivables and contract assets as at December 31, 2024 and 2023 are included in Notes 21 and 6(a), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment of financial assets and contract assets (Continued)

Other receivables

Other receivables mainly include deposits. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is similar to the approach used for the purposes of measuring ECL under IFRS 9.

- Other receivables that are not credit-impaired on initial recognition are classified as "Stage 1" and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The expected credit loss is measured on a lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to "Stage 3". The expected credit loss is measured on a lifetime basis.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year and 2 years RMB'000	Between 2 years and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
At December 31, 2024					
Trade and notes payables	5,713	–	–	5,713	5,713
Other payables (excluding payroll payables and taxes payables)	13,241	–	–	13,241	13,241
Lease liabilities	32,673	16,865	14,756	64,294	61,751
At December 31, 2023					
Trade and notes payables	7,162	–	–	7,162	7,162
Other payables (excluding payroll payables and taxes payables)	10,896	–	–	10,896	10,896
Lease liabilities	19,487	22,656	–	42,143	40,520

3.2 Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is not significant.

The Group believes that cash flows from operating activities and available cash and cash equivalents will be sufficient to fund capital expenditures, debt servicing, dividend payments and other cash requirements going forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at each balance sheet date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At December 31, 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (Note 19)	–	7,029	28,731	35,760

At December 31, 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (Note 19)	–	112,201	25,882	138,083

The following table presents the changes in level 3 instruments of long-term investments measured at fair value through profit or loss for the years ended December 31, 2024 and 2023.

	2024 RMB'000	2023 RMB'000
At the beginning of the year	25,882	24,622
Changes in fair value	2,849	1,260
At the end of the year	28,731	25,882
Net unrealized gains for the year	2,849	1,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The Group has a team that manages the valuation exercise for level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts were involved when necessary.

The valuation of the level 3 instruments mainly includes investments in unlisted equity securities, and level 2 instruments mainly includes wealth management products (Note 19). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows, market approach etc.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 2 fair value measurements.

	Significant unobservable inputs		Range of inputs		Relationship of unobservable inputs to fair values
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	
Short-term investments measured at fair value through profit or loss:					
– Wealth management products	7,029	112,201	Expected rate of return 1.49%–3.31%	1.49%–3.51%	The higher the expected rate of return, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Significant unobservable inputs		Range of inputs		Relationship of unobservable inputs to fair values	Reasonable change in key assumptions	Fair value increased/decreased to		
	2024 RMB'000	2023 RMB'000	2024	2023			2024 RMB'000	2023 RMB'000	
Long-term investments measured at fair value through profit or loss:									
– Unlisted equity securities	28,731	25,882	Expected volatility	46.3%	48.0%	The higher the expected volatility, the higher the fair value	(1) Expected volatility increases 5%	29,511	27,228
							(2) Expected volatility decreases 5%	27,933	24,482
			Risk-free rate	1.2%	2.0%	The higher the risk-free rate, the higher the fair value	(1) Risk-free rate increases 1%	29,121	26,248
							(2) Risk-free rate decreases 1%	28,339	25,510

The Group believes that any reasonably possible change in assumptions used for the significant unobservable inputs would not significantly affect the profit or loss for the years.

There were no transfers between levels 1, 2 and 3 of the fair value hierarchy classifications during the years ended December 31, 2024 and 2023.

The carrying amounts of the Group's financial assets that are not measured at fair value including cash and cash equivalents, restricted cash, trade and notes receivables and other receivables, and the Group's financial liabilities that are not measured at fair value, including, lease liabilities, trade and notes payables and other payables, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations are based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3 to the Consolidated financial statements.

(b) Credit loss allowance for trade and notes receivables and contract assets

The credit loss allowance for trade and notes receivables and contract assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(c) Valuation of share-based payments

The fair value of restricted stock units at the grant date is determined by using valuation techniques. Significant estimates on assumptions, such as volatility and dividend yield are made based on management's best estimates. Further details are included in Note 26.

(d) Income taxes

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

For temporary differences or tax losses which give rise to deferred income tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred income tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(e) Revenue recognition

The Group applies judgement in determining whether the Group is acting as a principal or an agent in relation to provision of products in considering all relevant facts and circumstances, including the contractual terms of the relevant contracts.

As disclosed in Note 7, government grants were recorded as "other income". The Group applies judgement in determining whether income from governments is recorded as "revenue" or "other income", which mainly depends on whether the control of products or services is transferred to the PRC government authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

The Group's business activities are the testing, validation and evaluation of the functionality, compatibility, safety, reliability and comfortability of ICVs in the PRC. The Group does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole.

The Group's chief operating decision-maker has been identified as the board of directors, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As all of the Group's non-current assets are all located in the PRC and all of the Group's revenues are derived from the PRC, no geographical information is presented.

6 REVENUE

Disaggregation of revenue from contracts with customers by products and services is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
ICV simulation testing software and platforms	133,793	100,492
ICV data platforms and other products		
– ICV data platforms	20,621	17,798
– Other products	–	2,123
ICV testing and related services	37,941	38,970
Advisory and other services	29,528	16,320
	221,883	175,703

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
At point in time	220,719	174,357
Over time	1,164	1,346
	221,883	175,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(a) Contract assets

The Group recognized the following assets related to contracts with customers:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Contract assets		
– Current	1,317	8,216
– Non-current	2,316	–
Less: credit loss allowance	(158)	(83)
	3,475	8,133

Contract assets are generally the final payments of contracts relating to the provision of products which are due at the end of the quality assurance period.

Movements on credit loss allowance for contract assets are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	(83)	(32)
Credit loss allowance recognized, net	(75)	(51)
At the end of the year	(158)	(83)

Expected credit losses rate on contract assets range from 0.05% to 10% for the years ended December 31, 2024 and 2023.

(b) Contract liabilities

The Group recognized the following liabilities related to contracts with customers:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Contract liabilities	2,563	7,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(b) Contract liabilities (Continued)

The following table shows the Group's revenue recognized related to carried-forward contract liabilities:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Revenue recognized that was included in the contract liabilities at beginning of year	7,078	2,380

The following table includes the Group's revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Within 1 year	23,811	21,000
Over 1 year	424	737
	24,235	21,737

(c) Accounting policies of revenue recognition

Revenue is measured according to the consideration received or receivable and stated net of discounts, returns and value-added taxes. The Group recognizes revenue when the specific criteria have been met for each of the Group's activities, as described below.

The provision of ICV simulation testing tools and platforms and ICV data platforms consists primarily of deployment of software, software-embedded hardware and hardware infrastructures. These hardware and software are highly interdependent and interrelated with each other and represent multiple inputs to a combined output that is transferred to the customer. Accordingly, the provision of ICV simulation testing tools and platforms and ICV data platforms are generally accounted for as a single performance obligation. The provision of other products consists of deployment of hardware infrastructures. Revenue is recognized at a point in time when the related products is delivered to the customers' designated place, inspected and accepted by the customer.

Revenue from ICV testing and advisory and other services is recognized at a point in time when the services are completed and the related testing/advisory reports are delivered to the customers. The Group provides operation and maintenance services to customers separately, revenue from related services is recognized over the service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(c) Accounting policies of revenue recognition (Continued)

Contract balance

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group may perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, and also may have the right to an amount of consideration before transferring goods or services to a customer. The Group recognizes a contract asset or a contract liability in the consolidated balance sheet, depending on the relationship between the Group's performance and the customer's payment.

7 OTHER INCOME

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Government grants (i)	21,353	31,338
Value-added tax ("VAT") refund (ii)	1,692	8,595
Interest income from wealth management products	1,032	894
Others	977	44
	25,054	40,871

(i) Government grants

Government grants primarily relate to grants in connection with the Group's contributions to technology development of governments. There are no unfulfilled conditions or contingencies relating to these incomes.

(ii) VAT refund

According to the VAT tax regulations in the PRC, the applicable VAT tax rate for sales of computer software is 13% during the years presented.

8 OTHER GAINS, NET

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Fair value changes on financial assets at fair value through profit or loss (Note 19)		
– Unlisted equity securities	2,849	1,260
Others	(1)	(68)
	2,848	1,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EXPENSES BY NATURE

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Change in inventory	(22,203)	5,953
Procurement costs	65,207	24,277
<i>Salaries, wages and other benefits</i>		
– Salaries, wages and other benefits (Note 10)	70,006	71,348
– Less: capitalised in internally generated intangible assets	–	(4,618)
<i>Depreciation of equipment</i>		
– Depreciation of equipment (Note 15)	30,369	20,809
– Less: capitalised in internally generated intangible assets	–	(88)
<i>Depreciation of right-of-use assets</i>		
– Depreciation of right-of-use assets (Note 14)	15,129	12,792
– Less: capitalised in internally generated intangible assets	–	(190)
<i>Amortization of intangible assets</i>		
– Amortization of intangible assets (Note 16)	11,738	5,525
– Less: capitalised in internally generated intangible assets	–	(123)
Commissioned external technical services	12,628	11,152
Professional service and other consulting fees	370	3,857
Auditor's remuneration		
– Audit services	1,180	–
– Non-audit services	100	–
Office expenses	2,476	2,270
Business travel expenses	2,267	2,614
Rental and property expenses	2,825	1,471
Business entertainment expenses	1,580	1,504
Share-based payments expenses (Note 26)	1,202	938
Other taxes and surcharges	556	512
Listing expenses	470	606
Credit loss allowance recognized, net (note(a))	242	7,024
Advertising and marketing expenses	79	47
Recruitment and training expenses	19	98
Others	826	919
	197,066	168,697

Note:

- (a) Mainly includes the credit loss allowance on contract assets, trade and notes receivables and other receivables. Please refer to Notes 6(a), 21 and 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	53,271	55,468
Contributions to pension plans	6,811	6,457
Other social security costs, housing benefits and other employee benefits	9,924	9,423
Sub-total	70,006	71,348
Share-based payment expenses (Note 26)	1,202	938
	71,208	72,286

(a) Pension costs – defined contribution plans

The Group is required to make contributions for its employees in the mainland China to the state-sponsored retirement plan at a rate of 16% (2023: 16%) based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the year ended December 31, 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group includes one director (2023: one) for the year ended December 31, 2024, whose emoluments are reflected in the analysis shown in Note 35. The total emoluments payable to the remaining four individuals (2023: four) during the year are as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Wages and salaries	2,418	2,713
Discretionary bonuses	1,292	1,135
Contributions to pension plans	278	265
Other social security costs, housing benefits and other employee benefits	368	355
Share-based payment expenses	100	168
	4,456	4,636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended December 31,	
	2024	2023
Hong Kong dollars ("HK\$")		
Nil to HK\$500,000	–	–
HK\$500,001 to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	3	3
	4	4

(c) During the year, none of the directors and supervisors of the Company or the five highest paid individuals:

- (i) received any emolument from the Group as an inducement to join or upon joining the Group;
- (ii) waived or has agreed to waive any emoluments.

11 FINANCE INCOME AND FINANCE COSTS

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Finance income:		
Interest income from bank deposits	6,004	3,123
Finance costs:		
Interest expense on lease liabilities (Note 14)	(1,180)	(1,448)
Others	(17)	(22)
	(1,197)	(1,470)
Finance income, net	4,807	1,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSES/(CREDIT)

The income tax expense/(credit) for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for a deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSES/(CREDIT) (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The income tax expenses/(credit) of the Group for the years ended December 31, 2024 and 2023 are analysed as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Current income tax	44	—
Deferred income tax (Note 29)	1,830	(2,676)
Income tax expenses/(credit)	1,874	(2,676)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to the Group as follows:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Profit before income tax	56,968	50,755
Tax calculated at statutory income tax rate of 25% in the PRC (Note (a))	14,242	12,689
<i>Tax effects of:</i>		
– Preferential income tax rate applicable to the Group (Note (b))	(61)	(6,099)
– Super deduction for research and development expenses (Note (c))	(14,342)	(11,594)
– Expenses not deductible for income tax purposes	162	163
– Utilization of previously unrecognized tax losses	(350)	(396)
– Deductible loss of unrecognized deferred income tax assets in the current year	2,084	1,815
– Tax effect of share of profits of associates and joint ventures	139	(4)
– Impact of change in tax rate	—	750
Income tax expenses/(credit)	1,874	(2,676)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSES/(CREDIT) (Continued)

Notes:

(a) Enterprise income tax in the PRC ("EIT")

The income tax provision of the Group in respect of its operations in the PRC was calculated using a tax rate of 25% on the assessable profits for the year presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) Preferential EIT rate

The Company and a subsidiary in the PRC are entitled to preferential EIT rates, as follows:

The Company was recognized as the Key Software Enterprise and therefore enjoyed a preferential EIT rate of 0% from January 1, 2019 to December 31, 2023, and can enjoy a preferential EIT rate of 10% from January 1, 2024.

Subsidiaries of the Company, Zhejiang Saimo Technology Co., Ltd., Zhejiang Fly Here Technology Co., Ltd. and Beijing Saimo Automotive Testing Technology Co. Ltd., enjoy tax benefits for small and micro enterprises.

(c) Super deduction for research and development expenses

According to Announcement No. 7 of 2023 by the Ministry of Finance and the State Administration of Taxation, since January 1, 2023, the pre-tax deduction rate for enterprise research and development expenses is 100%. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years.

(d) Global minimum top – up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023. The mandatory exception applies retrospectively and the retrospective application has no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 EARNINGS PER SHARE

(a) Basic

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	53,666	55,479
Weighted average number of ordinary shares (thousands)	98,450	98,450
Basic earnings per share (RMB)	0.55	0.56

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years. The shares granted to employees under an equity incentive plan are excluded from the calculation of the weighted average number of ordinary shares.

(b) Diluted

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	53,666	55,479
Weighted average number of ordinary shares used in the basic earnings per share calculation (thousands)	98,450	98,450
Effect of dilution:		
– Restricted stock units (thousands)	1,367	1,406
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation (thousands)	99,817	99,856
Diluted earnings per share (RMB)	0.54	0.56

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has restricted stock units outstanding which are potentially dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LEASES

The Group lease certain of its premises, which are negotiated for terms ranging from 1 to 3 years.

(a) Amounts recognised in the consolidated balance sheet

The following amounts are recognised in the consolidated balance sheet:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Buildings	6,328	14,851
Lands	41,699	10,182
Vehicles	1,004	1,313
	49,031	26,346
Lease liabilities		
Current	31,686	18,278
Non-current	30,065	22,242
	61,751	40,520

(i) The movement in right-of-use assets in the consolidated balance sheet are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	26,346	22,557
Additions	1,531	17,228
Depreciation charge	(15,129)	(12,792)
Change due to the reassessment of the lease liabilities	36,283	(647)
At the end of the year	49,031	26,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Depreciation charge for right-of-use assets (Note 9)	15,129	12,792
Interest expense (Note 11)	1,180	1,448
Expenses relating to short – term leases and variable lease payments not included in lease liabilities	1,053	712
Intangible assets and contract fulfilment costs	66	196

(c) The Group's leasing activities and how these are accounted for:

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the consolidated statements of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the consolidated statements of comprehensive income in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of the exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated starting at the commencement date over the shorter period of the useful life of the underlying asset and lease term.

The lease liability is presented in the 'Lease liabilities' line and the right-of-use assets are presented in the 'Right-of-use assets' line in the consolidated balance sheet. In addition, the principal portion of the lease payments and the interest component are presented within financing activities in the consolidated statements of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 EQUIPMENT

The detailed information of the Group's equipment during the year is as below:

	Electronics equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended December 31, 2023				
Opening net book amount	36,390	1,057	63	37,510
Additions	41,018	4,804	–	45,822
Disposals	(143)	(59)	–	(202)
Depreciation charge	(19,634)	(1,140)	(35)	(20,809)
Closing net book amount	57,631	4,662	28	62,321
At December 31, 2023				
Cost	86,349	6,806	142	93,297
Accumulated depreciation	(28,718)	(2,144)	(114)	(30,976)
Net book amount	57,631	4,662	28	62,321
Year ended December 31, 2024				
Opening net book amount	57,631	4,662	28	62,321
Additions	5,926	65	–	5,991
Disposals	(42)	–	–	(42)
Depreciation charge	(28,660)	(1,686)	(23)	(30,369)
Closing net book amount	34,855	3,041	5	37,901
At December 31, 2024				
Cost	92,233	6,871	142	99,246
Accumulated depreciation	(57,378)	(3,830)	(137)	(61,345)
Net book amount	34,855	3,041	5	37,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 EQUIPMENT (Continued)

(a) Depreciation charges were recognized in the following categories:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Research and development expenses	23,657	12,571
General and administrative expenses	5,897	7,681
Selling and marketing expenses	169	45
Cost of sales	185	149
Expensed off in the consolidated statements of comprehensive income	29,908	20,446
Capitalised in contract fulfilment costs	461	275
Capitalised in intangible assets	—	88
	30,369	20,809

(b) Accounting policies of equipment

Equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Electronic equipment 3–5 years
- Furniture and fixtures 3–5 years
- Motor vehicles 3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other gains/(losses), net in the consolidated statements of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

The detailed information of the Group's intangible assets during the year is as below:

	Software and system RMB'000	Internally generated intangible assets RMB'000	Internally generated intangible assets (not yet ready for use) RMB'000	Total RMB'000
Year ended December 31, 2023				
Opening net book amount	8,248	1,460	6,272	15,980
Additions	16,231	–	5,056	21,287
Amortization charge	(5,207)	(318)	–	(5,525)
Closing net book amount	19,272	1,142	11,328	31,742
At December 31, 2023				
Cost	31,727	1,593	11,328	44,648
Accumulated amortization	(12,455)	(451)	–	(12,906)
Net book amount	19,272	1,142	11,328	31,742
Year ended December 31, 2024				
Opening net book amount	19,272	1,142	11,328	31,742
Additions	32,275	–	–	32,275
Transfers	–	11,328	(11,328)	–
Amortization charge	(9,154)	(2,584)	–	(11,738)
Closing net book amount	42,393	9,886	–	52,279
At December 31, 2024				
Cost	64,002	12,921	–	76,923
Accumulated amortization	(21,609)	(3,035)	–	(24,644)
Net book amount	42,393	9,886	–	52,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

(a) Amortization charges were recognized in the following categories:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Research and development expenses	8,952	4,121
General and administrative expenses	169	933
Selling and marketing expenses	11	329
Cost of sales	2,603	17
Expensed in the consolidated statements of comprehensive income	11,735	5,400
Capitalised in contract fulfilment costs	3	2
Capitalised in internally generated intangible assets	–	123
	11,738	5,525

(b) Accounting policies of intangible assets

Intangible assets mainly include software and system. They are initially recognized and measured at cost or fair value of intangible assets acquired through business combination. The Group amortizes these intangible assets with a limited useful life using the straight-line method over 3–10 years.

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

Research and development costs

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

Expenditure incurred to develop new products is capitalised only when the Group can demonstrate the technical feasibility of completing intangible assets 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 assets 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. Capitalised development costs are amortised from the point at which the new products are released.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Investments in subsidiaries	10,800	10,800

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place and date of incorporation/ establishment and kind of legal entity	Registered capital	Percentage of ownership interest		Principal activities
			2024	2023	
Zhejiang Saimo Technology Co., Ltd. (浙江賽目科技有限公司)	The PRC/ April 17, 2019/ limited liability company	RMB10 million	100%	100%	ICV testing-related business
Beijing Saimo Automotive Testing Technology Co. Ltd. (北京賽目汽車測試技術有限公司)	The PRC/ March 16, 2022/ limited liability company	RMB1 million	80%	80%	ICV testing and related services
Zhejiang Fly Here Technology Co., Ltd. (浙江這裏飛科技有限公司)	The PRC/ August 13, 2021/ limited liability company	RMB13 million	51%	51%	Drone testing-related technology development, advisory and services
Beijing Liyi Technology Co., Ltd. (北京勵翼科技有限公司)	The PRC/ December 30, 2024/ limited liability company	RMB2 million	60%	NA	Drone testing-related technology development, advisory and services

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE (Continued)

	2024 RMB'000	2023 RMB'000
<i>Investment in an associate accounted for using the equity method</i>		
As at the beginning of the year	879	846
Share of (loss)/profit of the investment	(558)	33
As at the end of the year	321	879

(a) Details of investment in associate

During the year, the Company owns 49% equity interest in Beijing Dysprosium Data Technology Co., Ltd. ("Beijing Dysprosium"), which was established in the PRC as a limited liability company on April 12, 2021 with the registered capital of RMB 1 million. Beijing Dysprosium is primarily engaged in providing data platform related services in relation to vehicle integrated application service system. The Company paid its own portion of the registered capital of RMB 490,000 on April 20, 2022.

(b) Fair value

Beijing Dysprosium is a private company and there is no quoted market price available for its shares.

(c) Contingent liabilities

During the year, there are no contingent liabilities relating to the Group's interest in its associate.

(d) Summarised financial information

The carrying amount of this associate during the year are as below:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Carrying amount of the (loss)/profit of the associate	(1,139)	68
Amounts of the Group's share of (loss)/profit from continuing operations	(558)	33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at fair value through profit or loss (Note 19):		
– Unlisted equity securities	28,731	25,882
– Wealth management products	7,029	112,201
Financial assets at amortized cost:		
– Trade and notes receivables (Note 21)	191,297	165,695
– Prepayments and other receivables (excluding prepayments to suppliers, deductible value-added input tax, prepayment of income tax and listing expenses to be capitalized) (Note 22)	2,644	2,482
– Restricted cash (Note 23(b))	4,236	3,669
– Cash and cash equivalents (Note 23(a))	208,325	118,431
	442,262	428,360
Financial liabilities		
Financial liabilities at amortized cost:		
– Trade and notes payables (Note 27)	5,713	7,162
– Other payables and accruals (excluding payroll payables and taxes payables) (Note 28)	13,241	10,896
Lease liabilities (Note 14)	61,751	40,520
	80,705	58,578

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Non-current assets		
Long-term investments measured at fair value through profit or loss		
– Unlisted equity securities	28,731	25,882
Current assets		
Short-term investments measured at fair value through profit or loss		
– Wealth management products	7,029	112,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Fair value gains of financial assets at fair value through profit or loss recognised in other gains (Note 8)	2,849	1,260

20 INVENTORY

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Hardware procurement	22,071	–
Contract fulfilment costs	1,874	1,742
	23,945	1,742

Contract fulfilment costs are the costs incurred to fulfil contracts of provision of products and services, which will be recognized to cost of sales when the Group's related performance obligations are satisfied and hence the related revenue is recognized. Management considers that no provision for impairment of contract fulfilment costs is required to be recognized as of the balance sheet dates.

21 TRADE AND NOTES RECEIVABLES

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Trade receivables		
– Third parties	185,815	172,684
– Related parties	829	1,829
Less: credit loss allowance	(8,969)	(8,818)
	177,675	165,695
Notes receivables	13,795	–
Less: credit loss allowance	(173)	–
	13,622	–
	191,297	165,695

The carrying amounts of the Group's trade and notes receivables are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND NOTES RECEIVABLES (Continued)

The Group generally allows a credit period within 90 to 180 days to its customers. Aging analysis of trade and notes receivables based on date of completion of contractual obligations is as follows:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Trade and notes receivables		
Up to 6 months	143,211	125,381
6 months to 1 year	24,125	3,702
1 to 2 years	19,230	35,066
Over 2 years	13,873	10,364
	200,439	174,513

Movement on the Group's credit loss allowance for trade and notes receivables are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	(8,818)	(2,157)
Credit loss allowance recognized, net	(324)	(6,661)
At the end of the year	(9,142)	(8,818)

The credit loss allowance of the Group's trade and notes receivables as at December 31, 2024 and 2023 were determined as follows:

	As at December 31, 2024		
	Gross carrying amount RMB'000	Expected credit loss rate	Credit loss allowance RMB'000
Credit loss allowance	200,439	-4.56%	(9,142)

	As at December 31, 2023		
	Gross carrying amount RMB'000	Expected credit loss rate	Credit loss allowance RMB'000
Credit loss allowance	174,513	-5.05%	(8,818)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Listing expenses to be capitalized (i)	48,839	36,095
Prepayments to suppliers	5,341	876
Deductible value – added input tax	2,931	332
Rental, bidding and other deposits	2,103	2,208
Others	541	274
Less: credit loss allowance	(166)	(323)
	59,589	39,462

(i) Listing expenses will be deducted from equity upon listing of the Company on January 15, 2025.

Movement on the Group's credit loss allowance for prepayments and other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	(323)	(11)
Credit loss allowance reversed/(recognized), net	157	(312)
At the end of the year	(166)	(323)

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Cash and cash equivalents mainly include deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less.

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	208,325	118,431

As at December 31, 2024, all the cash and cash equivalents are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH AND CASH EQUIVALENTS (Continued)

(b) Restricted cash

Restricted cash represent amounts held at banks as security deposits mainly for the issuance of letters of guarantee or bank acceptance bills.

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Restricted cash	4,236	3,669

24 SHARE CAPITAL

	Number of shares Thousand	Share capital RMB'000
Authorised and issued:		
<i>Ordinary shares of RMB1 each</i>		
As at January 1, 2023 and December 31, 2023	100,000	100,000
As at January 1, 2024 and December 31, 2024	100,000	100,000

25 RESERVES

	Capital reserves RMB'000	Share-based payments expenses (Note 26) RMB'000	Statutory reserves RMB'000	Total RMB'000
Balance at January 1, 2023	257,191	2,171	5,316	264,678
Share-based payments expenses	–	938	–	938
Transfer to PRC statutory reserves	–	–	5,514	5,514
Balance at December 31, 2023	257,191	3,109	10,830	271,130
Balance at January 1, 2024	257,191	3,109	10,830	271,130
Share-based payments expenses	–	1,202	–	1,202
Transfer to PRC statutory reserves	–	–	5,222	5,222
Balance at December 31, 2024	257,191	4,311	16,052	277,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 SHARE-BASED PAYMENTS

Share-based payments expenses for the years presented relate to the employee incentive scheme as detailed below.

On December 31, 2020, shareholders of the Company granted 27 employees (including three executive directors of the Company) restricted stock units for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. These eligible participants were granted a total of 1.933% of indirect equity interests of the Company at a consideration of RMB1 per person. These awards may be earned upon the completion of three-year performance periods after the successful listing of the shares of the Company.

During the year, share-based payments expenses amounting to RMB1,202,000 and RMB938,000 were recognized for the years ended December 31, 2024 and 2023, respectively.

Movements in the number of restricted stock units granted to employees are set out as below:

	Number of restricted stock units
Outstanding as at January 1, 2020	—
Granted at December 31, 2020	28,165
Outstanding as at December 31, 2024 and 2023	28,165

Fair value of restricted stock units

The Group has used the discounted cash flow method and the straight-line interpolation method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying share capital. The fair value of each restricted stock unit was determined by reference to the fair value of the ordinary shares of the Company. Key assumptions as set out below are determined by the Group based on management's best estimates.

	As at December 31, 2020
Fair value per restricted stock (RMB)	228
Exercise price (RMB)	1
Weighted average cost of capital	16.2%
Dividend yield	0%
Expected volatility	44.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 SHARE-BASED PAYMENTS (Continued)

The Group's share-based compensation plans and how these are accounted for:

The Group operates a share incentive plan, under which it receives services from employees as consideration for equity instruments ("restricted stock units") of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statements of comprehensive income with a corresponding increase in equity.

In terms of restricted stock units awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in the calculation of the number of restricted stock units that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of restricted stock units that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

When the restricted stock units are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in reserves will continue to be held in reserves.

27 TRADE AND NOTES PAYABLES

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Trade payables	5,136	7,162
Notes payables	577	–
	5,713	7,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 TRADE AND NOTES PAYABLES (Continued)

The aging analysis based on date of receipt of goods and services are as follows:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Up to 3 months	3,465	6,097
Over 6 months	2,248	1,065
	5,713	7,162

As at December 31, 2024 and 2023, the carrying amounts of trade and notes payables were primarily denominated in RMB, which approximated their fair values.

28 OTHER PAYABLES AND ACCRUALS

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Payroll payable	8,934	9,183
Payables to vendors	6,068	7,950
Listing expenses payable	5,818	2,630
VAT payable	1,262	763
Other tax payable	204	208
Others	1,355	316
	23,641	21,050

The carrying amounts of other payables approximated their fair values as at December 31, 2024 and 2023.

29 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the balance sheets.

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Deferred income tax assets	8,329	6,574
Deferred income tax liabilities	(7,483)	(3,898)
Deferred income tax assets, net	846	2,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

(a) Deferred income tax assets

The movements in deferred income tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Lease liabilities RMB'000	Deferred income RMB'000	Tax losses RMB'000	Other deductible temporary differences RMB'000	Total RMB'000
At 1 January, 2023	–	–	–	–	–
Credited to profit or loss	2,955	2,359	39	1,221	6,574
At December 31, 2023	2,955	2,359	39	1,221	6,574
Analysis:					
– to be recovered within 12 months	1,516	368	39	909	2,832
– to be recovered after more than 12 months	1,439	1,991	–	312	3,742
	2,955	2,359	39	1,221	6,574
At 1 January, 2024	2,955	2,359	39	1,221	6,574
(Charged)/credited to profit or loss	2,394	(705)	(39)	105	1,755
At December 31 2024	5,349	1,654	–	1,326	8,329
Analysis:					
– to be recovered within 12 months	4,011	183	–	896	5,090
– to be recovered after more than 12 months	1,338	1,471	–	430	3,239
	5,349	1,654	–	1,326	8,329

Other deductible temporary differences are mainly arising from credit losses allowance and share-based payments expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

(b) *Deferred income tax liabilities*

The movements in deferred income tax liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Financial asses at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At January 1, 2023	—	—	—
Charged to profit or loss	2,288	1,610	3,898
At December 31, 2023	2,288	1,610	3,898
Analysis:			
– to be recovered within 12 months	—	1,223	1,223
– to be recovered after more than 12 months	2,288	387	2,675
	2,288	1,610	3,898
At January 1, 2024	2,288	1,610	3,898
Charged to profit or loss	285	3,300	3,585
At December 31, 2024	2,573	4,910	7,483
Analysis:			
– to be recovered within 12 months	—	2,845	2,845
– to be recovered after more than 12 months	2,573	2,065	4,638
	2,573	4,910	7,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

(c) *Deferred income tax assets not recognized*

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Deferred income tax assets not recognized		
Tax losses and temporary difference	21,973	15,036
Deferred income tax assets not recognized	5,493	3,759

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable.

Tax losses without recognition of deferred income tax assets can be carried forward against future taxable income. As at 31 December 2024, these losses amounting to RMB6.38 million, RMB7.44 million and RMB8.15 million will expire in 2027, 2028 and 2029, respectively.

30 DEFERRED INCOME

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Current liabilities:		
– income-related government grants	1,830	3,685
Non-current liabilities:		
– asset-related government grants	14,710	19,907

31 CONTINGENCIES AND COMMITMENTS

The Group did not have any material contingent liabilities as at December 31, 2024 (2023: Nil).

(a) *Capital commitments*

The Group's capital expenditure contracted for at the end of the dates but not yet incurred is as follows:

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Investment in subsidiaries (Note 17)	1,200	–

32 DIVIDENDS

No dividends have been paid or declared by the Group or the companies comprising the Group during the year ended December 31, 2024 (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Subsidiaries

Interests in subsidiaries are set out in note 17.

(b) Key management personnel compensation

Key management includes executive directors and other members of the Company's senior management team. The compensations payable to key management for employee services are shown below:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	2,601	2,794
Share-based compensation	975	622
Housing benefits and other social security costs	332	316
Contributions to pension plans	246	237
	4,154	3,969

The compensation detail of key management personnel is disclosed in Note 35.

(c) Names and relationships with related parties

The following companies are related parties of the Group that had significant transactions and/or balances with the Group during the year.

Names of the major related parties	Relationship
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	A shareholder of the subsidiary – Zhejiang Fly Here Technology Co., Ltd.
Beijing Saidi Property Management Co., Ltd.	A company controlled by the shareholders of a significant shareholder – Saidi Testing and Certification Centre Co., Ltd.
Beijing Dysprosium Data Technology Co., Ltd.	A limited liability company owned as to 49% by Beijing Saimo Technology Co., Ltd. and was established as a joint venture of our Company and Beijing EIDC.
Hangzhou Yuhang Asset Management Co., Ltd.	A wholly-owned subsidiary of Hangzhou Yuhang Urban Development Investment Group Co., Ltd., which is a shareholder of the subsidiary – Zhejiang Fly Here Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (Continued)

(d) Significant transactions with related parties

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
(i) Sales of goods and services		
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	–	865
	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
(ii) Purchases of goods and services		
Beijing Saidi Property Management Co., Ltd.	28	28
Hangzhou Yuhang Asset Management Co., Ltd.	493	–
	521	28

(e) Significant balance with related parties

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
(i) Receivables from related parties		
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	1,758	2,758
(ii) Payables to related parties		
Beijing Saidi Property Management Co., Ltd.	–	7
(iii) Prepayments to related parties		
Beijing Dysprosium Data Technology Co., Ltd.	650	–

All the balances with related parties are trade in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Profit before income tax	56,968	50,755
Adjustments for:		
– Depreciation of equipment	30,369	20,446
– Depreciation of right-of-use assets	15,129	12,596
– Amortization of intangible assets	11,738	5,400
– Credit loss allowance recognized, net	242	7,024
– Share-based payment expenses	1,202	938
– Finance income, net	(4,824)	(3,123)
– Interest income from wealth management products	(1,032)	(894)
– Gains on disposal of property and equipment	1	–
– Fair value changes on financial assets at fair value through profit or loss	(2,849)	(1,260)
– Share of loss/(profit) of the investment accounted for using the equity method	558	(33)
– Decrease/(increase) in contract assets	4,583	(770)
– (Increase)/decrease in inventory	(22,203)	5,953
– Increase in trade and notes receivables	(25,926)	(32,361)
– Increase in prepayments and other receivables	(6,692)	(649)
– Increase in restricted cash	(567)	(9)
– Decrease in trade and notes payables	(1,449)	(10,387)
– (Decrease)/increase in other payables and accruals	(3,094)	9,033
– (Decrease)/increase in contract liabilities	(4,515)	4,698
– Decrease in deferred income	(7,052)	(19,931)
Cash generated from operations	40,587	47,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities from financing activities

This section sets out an analysis and the movements of liabilities from financing activities for the year.

	Lease liabilities (Note 14) RMB'000
Liabilities from financing activities as at January 1, 2023	37,530
Cash flows	(15,869)
Accrued interest expenses	1,448
Addition of new leases	17,411
Liabilities from financing activities as at December 31, 2023	40,520
Liabilities from financing activities as at January 1, 2024	40,520
Cash flows	(17,763)
Accrued interest expenses	1,180
Addition of new leases	1,346
Reassessment of the lease liabilities	36,468
Liabilities from financing activities as at December 31, 2024	61,751

(c) Major non-cash investing and financing activities

Except for the above transactions, there were no material non-cash transactions during the year ended 31 December 2024 (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

The remuneration of each director and supervisor of the Group for the year ended December 31, 2024 is set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive Directors							
Mr. Hu Dalin	-	960	80	68	92	-	1,200
Mr. He Feng	-	600	50	68	92	821	1,631
Ms. Ma Lei	-	600	50	68	92	137	947
Non-executive Directors							
Dr. Kan Zhigang	-	-	-	-	-	-	-
Dr. Yao Xiang	-	-	-	-	-	-	-
Ms. Gong Xiao	-	-	-	-	-	-	-
Independent Non-executive Directors							
Ms. Guo Lili	-	-	-	-	-	-	-
Mr. Huang Hua	-	-	-	-	-	-	-
Mr. Wong Ho Kwan	-	-	-	-	-	-	-
Supervisors							
Mr. Ni Jie	-	-	-	-	-	-	-
Dr. Cao Gang	-	-	-	-	-	-	-
Ms. Xue Na	-	241	20	42	56	17	376
	-	2,401	200	246	332	975	4,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

The remuneration of each director and supervisor of the Group for the year ended December 31, 2023 is set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Executive Directors							
Mr. Hu Dalin	–	1,040	80	65	87	–	1,272
Mr. He Feng	–	651	50	65	87	434	1,287
Ms. Ma Lei	–	650	50	65	87	167	1,019
Non-executive Directors							
Dr. Kan Zhigang	–	–	–	–	–	–	–
Dr. Yao Xiang	–	–	–	–	–	–	–
Ms. Gong Xiao	–	–	–	–	–	–	–
Independent Non-executive Directors							
Ms. Guo Lili	–	–	–	–	–	–	–
Mr. Huang Hua	–	–	–	–	–	–	–
Mr. Wong Ho Kwan	–	–	–	–	–	–	–
Supervisors							
Mr. Ni Jie	–	–	–	–	–	–	–
Dr. Cao Gang	–	–	–	–	–	–	–
Ms. Xue Na	–	245	28	42	55	21	391
	–	2,586	208	237	316	622	3,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and supervisors' retirement and termination benefits

No retirement and termination benefits were paid or payable to the directors or supervisors during the year ended December 31, 2024 (2023: nil).

(b) Consideration provided to third parties for making available directors' and supervisors' services

No consideration was provided to third parties for making available directors' or supervisors' services during the year ended December 31, 2024 (2023: nil).

(c) Information about loans, quasi – loans and other dealings in favour of directors and supervisors, controlled body corporates by and connected entities with such directors and supervisors

No loans, quasi-loans and other dealings in favour of directors or supervisors, controlled body corporates by and connected entities with such directors or supervisors existed as at December 31, 2024 or at any time during the year (2023: nil).

(d) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, existed as at December 31, 2024 or at any time during the year (2023: nil).

36 SUBSEQUENT EVENTS

Other than the listing of the shares of the Company as mentioned in Note 1, there is no other material subsequent event undertaken by the Company or by the Group after December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Assets		
Non-current assets		
Right-of-use assets	48,856	26,346
Property, plant and equipment	37,027	61,177
Intangible assets	52,272	31,735
Financial assets at fair value through profit or loss	28,731	25,882
Investments in subsidiaries and associates	11,290	11,290
Contract assets	2,187	–
Deferred income tax assets	791	2,624
Other non-current assets	937	1,635
Total non-current assets	182,091	160,689
Current assets		
Contract fulfilment costs	23,444	1,054
Contract assets	1,288	8,133
Trade and notes receivables	188,905	158,577
Prepayments and other receivables	58,292	38,140
Financial assets at fair value through profit or loss	–	100,184
Restricted cash	4,236	3,660
Cash and cash equivalents	197,473	113,054
Total current assets	473,638	422,802
Total assets	655,729	583,491
Equity		
Equity attributable to owners of the Company		
Share capital	100,000	100,000
Reserves	277,554	271,130
Retained earnings	165,751	118,640
Total equity	543,305	489,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Balance sheet of the Company (Continued)

	As at 31 December,	
	2024 RMB'000	2023 RMB'000
Liabilities		
Non-current liabilities		
Lease liabilities	29,964	22,242
Deferred income	14,710	19,907
Total non-current liabilities	44,674	42,149
Current liabilities		
Trade and notes payables	4,767	6,217
Current income tax payables	—	—
Other payables and accruals	28,091	19,976
Contract liabilities	1,443	3,416
Lease liabilities	31,619	18,278
Deferred income	1,830	3,685
Total current liabilities	67,750	51,572
Total liabilities	112,424	93,721
Total equity and liabilities	655,729	583,491

The balance sheet of the Company was approved by the Board of Directors on March 28, 2025 and was signed on its behalf.

Hu Dalin
Name of director

He Feng
Name of director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Capital reserves RMB'000	Share-based payments expenses (Note 26) RMB'000	Statutory reserves RMB'000	Total RMB'000
Balance at January 1, 2023	257,191	2,171	5,316	264,678
Share-based payments expenses	–	938	–	938
Transfer to PRC statutory reserves	–	–	5,514	5,514
Balance at December 31, 2023	257,191	3,109	10,830	271,130
Balance at January 1, 2024	257,191	3,109	10,830	271,130
Share-based payments expenses	–	1,202	–	1,202
Transfer to PRC statutory reserves	–	–	5,222	5,222
Balance at December 31, 2024	257,191	4,311	16,052	277,554

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

38.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity.

(b) Associates

An associate is an entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognized at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.1 Principles of consolidation and equity accounting (Continued)

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.4.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.2 *Separate financial statements*

Investments in subsidiaries and an associate are accounted for at cost less impairment. Cost includes the direct attributable costs of investment. The results of the subsidiaries and associate are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries and an associate are required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary and the associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee's net assets including goodwill.

38.3 *Foreign currency translation*

(a) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). As the major operations of the Group are within the PRC, the Group determined to present the Historical Financial Information in RMB, which is the Company's functional currency.

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within other gains/(losses), net.

38.4 *Impairment of non-financial assets*

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill, mainly including equipment, intangible assets, right-of-use assets as well as equity-accounted investments, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.5 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

See Note 18 for details of each type of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.5 Investments and other financial assets (Continued)

(b) Measurement (Continued)

Debt instruments (Continued)

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive income within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade and notes receivables, other receivables, term deposits with initial term of over three months, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.5 *Investments and other financial assets* (Continued)

(c) **Impairment** (Continued)

For others, it is measured as either a 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as the lifetime expected credit losses.

(d) **Derecognition**

Financial assets

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability.

38.6 *Offsetting financial instruments*

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.7 Inventory

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

38.8 Contract fulfilment costs

The Group recognizes the contract fulfilment costs from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

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

The contract fulfilment costs recognized shall be amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

38.9 Trade and notes receivables and other receivables

Trade and notes receivables are amounts due from customers for products sold or services performed in the ordinary course of business. Majority of other receivables are deposits. If the collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Notes 38.5(c) and 3.1(b) for a description of the Group's impairment policy for trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.10 *Cash and cash equivalents and restricted cash*

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

38.11 *Share capital*

Ordinary shares from owners are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

38.12 *Trade and other payables*

Trade and notes payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are payroll payables, listing expenses payables and other taxes payables. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

38.13 *Employee benefits*

(a) *Pension obligations and other social welfare benefits*

Full-time employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labour regulations require that the Group make contributions to the government for these benefits based on a certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.13 *Employee benefits* (Continued)

(c) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

38.14 *Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

38.15 *Dividend income*

Dividend income is recognized when the right to receive payment is established.

38.16 *Dividend distribution*

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

38.17 Government grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the property and equipment and other non-current assets are included in liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.18 Interest income

Interest income of capital protected wealth management products is recognized as finance income. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized as other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

38.19 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.