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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 樂摩科技服務股份有限公司 LEMO SERVICES CO., LTD (FORMERLY KNOWN AS 福建樂摩物聯科技股份有限公司 FUJIAN LEMO IOT TECHNOLOGY CO., LTD AND 福建樂摩物聯科技有限公司 FUJIAN LEMO IOT TECHNOLOGY CO., LTD*), CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of 樂摩科技服務股份有限公司 Lemo Services Co., Ltd (formerly known as 福建樂摩物聯科技股份有限公司 Fujian Lemo IoT Technology Co., Ltd and 福建樂摩物聯科技有限公司 Fujian Lemo IoT Technology Co., Ltd*) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-80, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 August 2025 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-80 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 November 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

* For identification purposes only



Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and 31 August 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the eight months ended 31 August 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our



review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 28(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
25 November 2025



HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Xiamen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	Year ended 31 December			Eight months ended 31 August	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	4(a)	330,154	586,836	797,991	554,254	630,732
Cost of sales		(244,819)	(341,591)	(510,192)	(326,330)	(400,000)
Gross profit		85,335	245,245	287,799	227,924	230,732
Other net income/(loss) . . .	5	200	(14,489)	(518)	(713)	1,159
Selling and distribution expenses		(42,749)	(77,114)	(113,867)	(74,525)	(81,407)
Administrative expenses . . .		(18,377)	(29,222)	(46,066)	(24,423)	(28,646)
Research and development expenses		(8,330)	(16,191)	(21,497)	(13,984)	(14,885)
Profit from operations . . .		16,079	108,229	105,851	114,279	106,953
Finance costs	6(a)	(1,329)	(2,008)	(3,383)	(2,278)	(1,322)
Changes in the carrying amount of the redemption liability	18(c)	(4,985)	(3,007)	(164)	(164)	–
Profit before taxation . . .	6	9,765	103,214	102,304	111,837	105,631
Income tax	7(a)	(3,284)	(15,874)	(16,497)	(17,956)	(17,081)
Profit for the year/period .		<u>6,481</u>	<u>87,340</u>	<u>85,807</u>	<u>93,881</u>	<u>88,550</u>
Attributable to:						
Equity shareholders of the Company		<u>6,481</u>	<u>87,340</u>	<u>85,807</u>	<u>93,881</u>	<u>88,550</u>
Profit for the year/period .		<u>6,481</u>	<u>87,340</u>	<u>85,807</u>	<u>93,881</u>	<u>88,550</u>
Earnings per share						
Basic and diluted (RMB) . .	10	<u>0.12</u>	<u>1.69</u>	<u>1.72</u>	<u>1.88</u>	<u>1.77</u>

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.



CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit for the year/period	6,481	87,340	85,807	93,881	88,550
Other comprehensive income for the year/period (after tax and reclassification adjustments)					
Item that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside Chinese Mainland . .	—	—	—	—	(219)
Other comprehensive income for the year/period	—	—	—	—	(219)
Total comprehensive income for the year/period	6,481	87,340	85,807	93,881	88,331
Attributable to:					
Equity shareholders of the Company	6,481	87,340	85,807	93,881	88,331
Total comprehensive income for the year/period	6,481	87,340	85,807	93,881	88,331

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.



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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Renminbi)

		As at 31 December			As at 31 August
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	94,675	184,618	245,035	223,609
Intangible assets	12	358	271	191	259
Trade receivables	17	—	—	—	3,448
Financial assets measured at fair value through other comprehensive income	15	—	10,007	10,172	—
Deferred tax assets	27(b)	2,292	4,702	3,448	4,810
Other non-current assets	14	4,661	5,554	11,108	11,615
		<u>101,986</u>	<u>205,152</u>	<u>269,954</u>	<u>243,741</u>
Current assets					
Financial assets measured at fair value through profit or loss	15	20,519	15,751	—	60,097
Inventories	16	5,411	6,198	5,571	9,638
Trade and other receivables	17	46,905	63,594	75,463	88,844
Prepayments	17	39,457	76,228	99,838	100,914
Prepaid taxes	27(a)	—	—	2,180	—
Cash and cash equivalents	18(a)	43,211	38,891	19,684	46,694
		<u>155,503</u>	<u>200,662</u>	<u>202,736</u>	<u>306,187</u>
Current liabilities					
Trade and other payables	20	69,752	152,184	161,871	143,911
Contract liabilities	21	2,676	4,244	1,607	1,695
Bank loans	22	18,271	42,425	43,475	54,532
Lease liabilities	23	4,682	8,426	6,083	3,878
Redemption liability	24	75,062	16,009	—	—
Other current liabilities		33	100	104	104
Current taxation	27(a)	2,951	9,116	5,210	12,606
		<u>173,427</u>	<u>232,504</u>	<u>218,350</u>	<u>216,726</u>
Net current (liabilities)/assets		<u>(17,924)</u>	<u>(31,842)</u>	<u>(15,614)</u>	<u>89,461</u>
Total assets less current liabilities		<u>84,062</u>	<u>173,310</u>	<u>254,340</u>	<u>333,202</u>
Non-current liabilities					
Bank loans	22	—	13,697	11,398	—
Lease liabilities	23	6,796	7,728	2,919	1,807
		<u>6,796</u>	<u>21,425</u>	<u>14,317</u>	<u>1,807</u>
NET ASSETS		<u>77,266</u>	<u>151,885</u>	<u>240,023</u>	<u>331,395</u>
CAPITAL AND RESERVES					
Paid-in capital/share capital	28(c)	11,844	10,954	50,000	50,000
Reserves		<u>65,422</u>	<u>140,931</u>	<u>190,023</u>	<u>281,395</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY AND TOTAL EQUITY		<u>77,266</u>	<u>151,885</u>	<u>240,023</u>	<u>331,395</u>

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY
(Expressed in Renminbi)

	Note	As at 31 December			As at 31 August
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	93,759	175,967	236,973	215,378
Intangible assets		355	271	191	259
Investments in subsidiaries	13	4,700	10,950	12,380	12,889
Financial assets measured at fair value through other comprehensive income	15	–	10,007	10,172	–
Deferred tax assets		2,110	3,592	1,148	1,741
Other non-current assets	14	4,490	3,029	3,316	3,850
		<u>105,414</u>	<u>203,816</u>	<u>264,180</u>	<u>234,117</u>
Current assets					
Financial assets measured at fair value through profit or loss	15	20,519	15,750	–	60,097
Inventories	16	3,865	4,799	3,690	4,667
Trade and other receivables	17	46,605	50,429	50,177	51,897
Amounts due from subsidiaries	19	4,341	31,824	41,496	46,127
Prepayments	17	39,305	52,487	50,124	48,330
Prepaid taxes		–	–	2,167	–
Cash and cash equivalents	18(a)	37,653	32,762	12,061	27,535
		<u>152,288</u>	<u>188,051</u>	<u>159,715</u>	<u>238,653</u>
Current liabilities					
Trade and other payables	20	67,972	135,639	133,522	109,164
Amounts due to subsidiaries	19	2,272	755	9,830	6,830
Contract liabilities	21	2,676	4,244	1,607	1,695
Bank loans	22	16,971	42,425	40,472	54,532
Lease liabilities	23	4,641	6,852	4,086	2,012
Redemption liability	24	75,062	16,009	–	–
Other current liabilities		33	100	104	104
Current taxation		2,874	8,792	–	5,871
		<u>172,501</u>	<u>214,816</u>	<u>189,621</u>	<u>180,208</u>
Net current (liabilities)/assets		<u>(20,213)</u>	<u>(26,765)</u>	<u>(29,906)</u>	<u>58,445</u>
Total assets less current liabilities		<u>85,201</u>	<u>177,051</u>	<u>234,274</u>	<u>292,562</u>
Non-current liabilities					
Bank loans	22	–	13,697	11,398	–
Lease liabilities	23	6,796	5,052	1,410	667
		<u>6,796</u>	<u>18,749</u>	<u>12,808</u>	<u>667</u>
NET ASSETS		<u>78,405</u>	<u>158,302</u>	<u>221,466</u>	<u>291,895</u>
CAPITAL AND RESERVES					
Paid-in capital/share capital	28(c)	11,844	10,954	50,000	50,000
Reserves		66,561	147,348	171,466	241,895
TOTAL EQUITY		<u>78,405</u>	<u>158,302</u>	<u>221,466</u>	<u>291,895</u>

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company					
	Paid-in capital	Capital reserve	Equity interests held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits
Note	RMB'000 (Note 28(c))	RMB'000 (Note 28(d)(i))	RMB'000 (Note 26)	RMB'000 (Note 28(d)(ii))	RMB'000 (Note 28(d)(iii))	RMB'000
						Total equity RMB'000
Balance at 1 January 2022	11,844	41,375	(1,593)	159	2,283	68,671
Changes in equity for 2022:						
Profit and total comprehensive income for the year	-	-	-	-	-	6,481
Equity-settled share-based transactions	-	221	61	1,832	-	2,114
Appropriation to statutory reserve	-	-	-	-	882	(882)
Balance at 31 December 2022	11,844	41,596	(1,532)	1,991	3,165	77,266

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

Attributable to equity shareholders of the Company

Note	Equity interests held					Total equity
	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory reserve	Retained profits	
	RMB'000 (Note 28(c))	RMB'000 (Note 28(d)(i))	RMB'000 (Note 28(d)(ii))	RMB'000 (Note 28(d)(iii))	RMB'000	RMB'000
Balance at 1 January 2023	11,844	41,596	(1,532)	3,165	20,202	77,266
Changes in equity for 2023:						
Profit and total comprehensive income for the year	–	–	–	–	87,340	87,340
Partial settlement of the redemption liability	(1,143)	1,143	–	–	–	–
Equity-settled share-based transactions	253	6,715	(1,868)	2,944	–	8,044
Appropriation to statutory reserve ... 28(d)(iii)	–	–	–	10,163	(10,163)	–
Dividends declared to equity shareholders ... 28(b)	–	–	–	–	(23,750)	(23,750)
Capital contribution from a shareholder	–	2,985	–	–	–	2,985
Balance at 31 December 2023	10,954	52,439	(3,400)	13,328	73,629	151,885

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

Balance at 31 December

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	Attributable to equity shareholders of the Company						
		Equity					
		Paid-in capital		Share-based payment reserve		Statutory reserve	
		capital	reserve	premium	employee incentive scheme	held for employee incentive scheme	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total equity
		(Note 28(c))	(Note 28(d)(i))	(Note 28(d)(ii))	(Note 26)	(Note 28(d)(iii))	RMB'000
		10,954	-	(3,400)	-	4,935	151,885
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		Balance at 1 January 2024.					
		Changes in equity for the eight months ended 31 August 2024:					
		Profit and total comprehensive income for the period	-	-	-	-	93,881
		Cancellation of the redemption liability	-	-	-	-	16,173
		Equity-settled share-based transactions	-	441	122	68	-
		Conversion to a joint stock limited liability company .	(10,954)	50,000	(69,053)	155,202	(112,504)
		Dividends declared to the shareholder	-	-	-	-	(20,000)
		Balance at 31 August 2024.	-	50,000	-	155,564	245,845

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

Attributable to equity shareholders of the Company

	Share capital	Share premium	Shares held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Exchange reserve	Retained profits	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Note 28(c))	(Note 28(d)(i))	(Note 26)	(Note 28(d)(ii))	(Note 28(d)(iii))	(Note 28(d)(iv))		
Balance at 1 January 2025	50,000	161,165	(3,334)	4,623	8,460	—	19,109	240,023
Changes in equity for the eight months ended 31 August 2025:								
Profit for the period	—	—	—	—	—	—	88,550	88,550
Other comprehensive income	—	—	—	—	—	(219)	—	(219)
Total comprehensive income	—	—	—	—	—	(219)	88,550	88,331
Equity-settled share-based transactions	—	—	—	3,041	—	—	—	3,041
Balance at 31 August 2025	50,000	161,165	(3,334)	7,664	8,460	(219)	107,659	331,395

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The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

		Year ended 31 December			Eight months ended 31 August	
		2022	2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Cash generated from						
operations	18(b)	87,140	176,399	213,772	189,349	199,321
Income tax paid		(3,828)	(12,119)	(21,329)	(14,627)	(8,867)
Net cash generated from operating activities		83,312	164,280	192,443	174,722	190,454
Investing activities						
Payment for purchase of						
property, plant and						
equipment and intangible						
assets		(46,272)	(134,626)	(175,693)	(121,562)	(105,660)
Proceeds from disposal of						
property, plant and						
equipment		1,396	1,766	3,676	2,780	1,727
Investment in financial						
assets measured at fair						
value through profit or						
loss		(35,000)	(15,000)	(33,002)	(20,000)	(75,000)
Investment in financial						
assets measured at fair						
value through other						
comprehensive income . .		–	(10,000)	(20,251)	(10,072)	–
Proceeds from disposal of						
financial assets measured						
at fair value through						
profit or loss		24,613	20,000	48,849	15,850	15,018
Proceeds from disposal of						
financial assets measured						
at fair value through other						
comprehensive income . .		–	–	20,308	10,000	10,178
Interest received	5	197	1,034	300	168	180
Net cash used in investing activities		(55,066)	(136,826)	(155,813)	(122,836)	(153,557)

		Year ended 31 December			Eight months ended 31 August	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)						
Financing activities						
Capital element of lease						
rentals paid	18(c)	(4,031)	(7,466)	(9,983)	(6,171)	(5,357)
Interest element of lease						
rentals paid	18(c)	(507)	(653)	(597)	(411)	(215)
Proceeds from new bank						
loans	18(c)	21,250	69,760	52,780	42,880	54,500
Repayment of bank loans . .	18(c)	(23,000)	(31,854)	(53,952)	(34,060)	(54,825)
Proceeds from maturity of						
restricted bank deposits . .		700	—	—	—	—
Partial settlement of the						
redemption liability	18(c)	—	(62,060)	—	—	—
Payment of listing						
expenses.		—	—	(1,762)	—	(2,819)
Interest paid.	18(c)	(830)	(1,410)	(2,863)	(1,748)	(1,123)
Capital contribution from						
the employee incentive						
platform		—	2,674	—	—	—
Dividends paid to equity						
shareholders		—	(3,750)	(39,988)	(38,034)	(12)
Cash receipts from equity						
shareholders		—	2,985	528	—	—
Net cash used in financing						
activities		<u>(6,418)</u>	<u>(31,774)</u>	<u>(55,837)</u>	<u>(37,544)</u>	<u>(9,851)</u>
Net change in cash and						
cash equivalents		21,828	(4,320)	(19,207)	14,342	27,046
Cash and cash equivalents						
at the beginning of the						
year/period		21,383	43,211	38,891	38,891	19,684
Effect of foreign exchange						
rate changes.		—	—	—	—	(36)
Cash and cash equivalents						
at the end of the						
year/period	18(a)	<u>43,211</u>	<u>38,891</u>	<u>19,684</u>	<u>53,233</u>	<u>46,694</u>

The Notes on pages I-16 to I-80 form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Lemo Services Co., Ltd (樂摩科技服務股份有限公司) (formerly known as Fujian Lemo IoT Technology Co., Ltd (福建樂摩物聯科技股份有限公司) and Fujian Lemo IoT Technology Co., Ltd (福建樂摩物聯科技有限公司)) (the “Company”) was established in the People’s Republic of China (the “PRC”) on 29 May 2014 as a limited liability company under the Companies laws of the PRC. The Company was converted into a joint stock limited liability company on 29 August 2024.

The Company and its subsidiaries (together, “the Group”) are principally engaged in providing mechanical massage service.

The financial statements of the Company for the years ended 31 December 2022 and 2023 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (“PRC GAAP”) have been audited by Fujian Zhongzhenghengrui Certified Public Accountants Co., Ltd (福建中正恒瑞會計師事務所有限公司) and Fujian Zhonghenghongxin Certified Public Accountants Co., Ltd (福建中恒宏信會計師事務所有限公司) respectively. The audited financial statements of the Company for the year ended 31 December 2024 prepared in accordance with PRC GAAP are not yet available.

The Company has direct or indirect interests in the following principal subsidiaries since their establishment, which are private companies:

Company Name	Place and date of establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by the subsidiary	
Fu'an Lemo Health Technology Co., Ltd (福安樂摩健康科技股份有限公司) (notes (a) and (b)).	PRC/16 March 2021	RMB500,000/ RMB500,000	100%	–	Refurbishment and repairment of massage equipment
Fuzhou Lemo Selected Life Service Technology Co., Ltd (福州樂摩優選生活服務科技有限公司) (notes (a) and (b)).	PRC/24 November 2022	RMB1,000,000/ RMB750,000	100%	–	Online sale of household massage chairs and massage accessories
Lemo IoT Technology (Hangzhou) Co., Ltd. (樂摩物聯科技(杭州)有限公司) (notes (a) and (b)).	PRC/30 November 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemo IoT Technology (Suzhou) Co., Ltd. (樂摩物聯科技(蘇州)有限公司) (notes (a) and (b)).	PRC/8 December 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemo IoT Technology (Chengdu) Co., Ltd. (樂摩物聯科技(成都)有限公司) (notes (a) and (b)).	PRC/28 December 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemobar (Shanghai) IoT Technology Co., Ltd. (樂摩吧(上海)物聯科技有限公司) (notes (a) and (b)).	PRC/9 February 2023	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service

Notes:

- (a) The official name of this entity is in Chinese. The English translation is for identification purpose only. The company was registered as a limited liability company under the PRC Law.
- (b) No audited financial statements have been prepared for these entities from the date of establishment to 31 December 2022 or from the date of establishment to 31 December 2023, or for the years ended 31 December 2022, 2023 and 2024.

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

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on or after 1 January 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on or after 1 January 2025 are set out in note 33.

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

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

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial assets are stated at their fair value as explained in note 2(d).

The Historical Financial Information is presented in Renminbi (“RMB”), rounded to the nearest thousand (“RMB’000”), unless otherwise indicated. Most of the companies comprising the Group are operating in Chinese Mainland and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries

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

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

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

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

(d) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Fair value through other comprehensive income ("FVOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 2(h)(ii)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(g)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(u)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

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

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

The estimated useful lives are as follows:

– Properties leased for own use	2 – 5 years
– Massage equipment	2 – 3 years
– Office and other equipment	2 – 5 years
– Motor vehicles	5 years
– Leasehold improvement	The shorter of the lease terms or the estimated useful life of the assets

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

(f) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(h)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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

The estimated useful lives are as follows:

– Software	2 – 5 years
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The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality.

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

(g) **Leased assets**

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

(i) *As a lessee*

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

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

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

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

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

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

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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

(h) **Credit losses and impairment of assets**

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses (“ECL”s) on financial assets measured at amortised cost (including cash and cash equivalents, negotiable certificate of deposit, trade receivables and other receivables).

Measurement of ECLs

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

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

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

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

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

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

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

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

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

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

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

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

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

(i) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Costs is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract liabilities

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

(k) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(h)(i)).

(l) Cash and cash equivalents

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

(m) Trade and other payables (other than refund liabilities)

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

(n) Redemption liability

A contract that contains an obligation for the Company to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability even if the Company's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost with any gains or losses on remeasurement of the redemption liability being recognised in profit or loss as changes in the carrying amount of the redemption liability. As the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period, the amounts are classified as current liability.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

(o) Interest-bearing borrowings

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

(p) Employee benefits

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

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

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

The grant-date fair value of equity-settled share-based payments granted to employees and directors is measured using the equity allocation method, of which underlying equity value is measured using the discounted cash flow ("DCF") method, taking into account any transfer restrictions imposed on the vested equity instruments, and based on the most likely outcome of the performance condition where there are mutually exclusive vesting alternatives.

The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related vesting conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related vesting conditions at the vesting date. The equity amounts are recognised in the share-based payment reserve until the awarded shares are vested (when it is transferred to the capital reserve). The subscription price received from the grantees, which is refundable when the awards are forfeited, is recognised as a deposit liability until the share-based payments vests.

(q) Income tax

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

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

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

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

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

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

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

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

(r) Provisions and contingent liabilities

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

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

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

(s) Revenue and other income

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

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

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Where the contract contains a financing component which provides a significant financing benefit to the customer, the Group adjusts the promised amount of consideration for the effects of time value of money by using a discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(a) Revenue from mechanical massage service

The Group generates revenue from the provision of mechanical massage services to customers under the Direct Mode and mechanical massage POS operation support services to entities who are responsible for sourcing and establishing POS in local regions ("Local Partners") under the Partner Mode.

– **Direct Mode**

The Group operates a network of mechanical massage equipment or pads which are located at the Group's points of service (the "POS") for providing mechanical massage services to customers under the Direct Mode. Revenue is recognised when the mechanical massage services are rendered to customers at the POS. The payment for service is usually collected from the customer in advance, either immediately before the customer requests the service or when the customer purchases a prepaid massage service package from the Group.

– **Partner Mode**

The Group supports the Local Partners in Chinese Mainland to operate the mechanical massage POS that are managed by the Local Partners under the Partner Mode. The operating support integrates the continuous access to the Group's mechanical massage equipment, IT technology and business management platform as an integral service during the partner contract period, and it is provided in exchange for a share of the gross transaction value (the "GTV") received by the Local Partners from the relevant POS (subject to a contractual minimum and capped amount where applicable). Revenue amounting to the GTV sharing that is entitled to the Group is recognised when the mechanical massage POS operation support services are rendered to Local Partners.

The Group sells mechanical massage equipment and provides mechanical massage POS operation support services to Local Partners in Thailand. As the mechanical massage equipment are a partial fulfilment of a contract covering other services, the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances. Revenue for sales of mechanical massage equipment is recognised when customers accept the products upon delivery and revenue for providing of mechanical massage POS operation support services is recognised when the mechanical massage POS operation support services are rendered to Local Partners.

The Group has set up its own mini-program and the customers can make advance payments to the Group via the mini-program. The Group mainly receives advance payments from customers in the form of deposits paid by customers to their accounts (which are refundable before they are consumed) and prepaid massage service packages sold to customers (which are non-refundable and entitle customers to have specified quantities of access to mechanical massage services within a fixed period of validity). These amounts can be consumed by customers to pay for the mechanical massage services at the POS they choose to visit, which may be operated by the Group under the Direct Mode or the Group's Local Partners under the Partner Mode.

In cases where the advance payments from customers are consumed at the Local Partners' POS, the Group recognises the portion of its GTV sharing relating to the mechanical massage POS operation support service as revenue according to the policy described under the Partner Mode. The remaining amounts are paid to the relevant Local Partners.

For the non-refundable prepaid massage service packages, the Group does not expect to be entitled to a breakage amount of the customers' unexercised rights. The unused balances are recognised as revenue upon expiry of the validity period.

(b) Revenue from sales of household massage equipment and massage accessories

The Group sells household massage equipment and massage accessories to retail customers through self-operated online stores. Payment is collected by online e-commerce platform when customers place purchase orders and sales revenue is recognised when customers accept the products upon delivery.

The Group typically offers retail customers a right of return for a period of 7 days upon customer acceptance, which gives rise to variable consideration. The Group estimates and updates the variable consideration (subject to a constraint) and the related right to recover returned goods with all reasonably available information at each reporting date.

(c) Revenue from digital advertising service

Revenue from digital advertising service mainly represents revenue generated from advertisement service in the form of pop-up banners in the Group's mini program and Wechat official accounts. The advertisement contracts are signed between the Group and the advertising agencies to establish the service to be provided by the Group and relevant performance measures, mainly including cost per click (based on the number of clicks of the advertisement and a fixed unit price for each web article). Revenue from digital advertising service is recognised when the services are provided.

(d) Other practical expedients applied

In addition, the Group has applied the following practical expedients: For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) *Revenue from other sources and other income*

(a) *Interest income*

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

(b) *Government grants*

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

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) **Translation of foreign currencies**

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (“OCI”) and accumulated in the exchange reserve.

(u) **Borrowing costs**

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

(v) **Related parties**

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

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

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

(w) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Determining the lease term

As explained in note 2(g), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(ii) *Value added tax (the “VAT”) and income tax*

The Group generates revenue from the provision of mechanical massage services to customers under the Direct Mode and mechanical massage POS operation support services to Local Partners under the Partner Mode in Chinese Mainland during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025. The Group is subject to VAT and income tax in Chinese Mainland. Evaluation of relevant tax positions of the Group involves judgment as to the interpretation and application of the relevant tax laws. The Group has exercised the best judgement of its tax obligations based on current facts and circumstances.

(b) *Sources of estimation uncertainty*

Notes 26 and 29(e) contain information about the assumptions and their risk factors relating to fair value of share granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expenses. The useful lives and residual values are based on the Group’s historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(ii) *Expected credit losses for trade and other receivables*

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group’s past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 29(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may be necessary to make additional loss allowances in future periods.

(iii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of businesses, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing mechanical massage services. Further details regarding the Group's principal activities are disclosed in note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers within the scope of IFRS 15					
Disaggregated by major products or service lines					
Revenue from mechanical massage services					
– Direct Mode	245,166	472,125	668,750	466,646	526,579
– Partner Mode	70,963	95,580	114,176	78,304	87,789
Revenue from sales of household massage equipment and massage accessories	7,943	9,073	8,560	5,707	4,153
Revenue from digital advertising service	3,098	376	1,712	922	1,295
Revenue from sales of mechanical massage equipment to Local Partners	–	–	–	–	5,623
Others#	2,984	9,682	4,793	2,675	5,293
	<u>330,154</u>	<u>586,836</u>	<u>797,991</u>	<u>554,254</u>	<u>630,732</u>

Others mainly include revenue of massage service generated from offline massage centre operated by the Group and revenue of sales of massage equipment spare parts to Local Partners.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii), respectively.

The Group's customer base is diversified and decentralised and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Mechanical massage service under Direct Mode: this segment engaged in providing mechanical massage service to customers through its massage equipment located at the POS operated by the Group itself.
- Mechanical massage POS operation support services under Partner Mode: this segment engaged in providing mechanical massage POS operation support services to Local Partners.
- Others: this segment mainly engaged in sales of household massage equipment and massage accessories, providing digital advertising service and sales of mechanical massage equipment to Local Partners.



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(i) *Segment results*

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment. No inter-segment sales have occurred during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other net income/(loss), selling and distribution expenses, administrative expenses, research and development expenses, finance costs, changes in the carrying amount of the redemption liability and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 is set out below.

Year ended 31 December 2022				
	Mechanical massage service under Direct Mode	Mechanical massage POS operation support services under Partner Mode	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition				
– Over time	245,166	70,963	5,861	321,990
– Point in time	–	–	8,164	8,164
Reportable segment revenue	245,166	70,963	14,025	330,154
Reportable segment profit	30,319	47,650	7,366	85,335

Year ended 31 December 2023				
	Mechanical massage service under Direct Mode	Mechanical massage POS operation support services under Partner Mode	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition				
– Over time	472,125	95,580	9,910	577,615
– Point in time	–	–	9,221	9,221
Reportable segment revenue	472,125	95,580	19,131	586,836
Reportable segment profit	162,717	72,733	9,795	245,245

Year ended 31 December 2024

	Mechanical massage service under Direct Mode	Mechanical massage POS operation support services under Partner Mode	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition				
– Over time	668,750	114,176	4,810	787,736
– Point in time	–	–	10,255	10,255
Reportable segment revenue	668,750	114,176	15,065	797,991
Reportable segment profit	199,728	83,347	4,724	287,799

Eight months ended 31 August 2024 (unaudited)

	Mechanical massage service under Direct Mode	Mechanical massage POS operation support services under Partner Mode	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition				
– Over time	466,646	78,304	3,055	548,005
– Point in time	–	–	6,249	6,249
Reportable segment revenue	466,646	78,304	9,304	554,254
Reportable segment profit	166,804	58,352	2,768	227,924

Eight months ended 31 August 2025

	Mechanical massage service under Direct Mode	Mechanical massage POS operation support services under Partner Mode	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition				
– Over time	526,579	87,789	3,326	617,694
– Point in time	–	–	13,038	13,038
Reportable segment revenue	526,579	87,789	16,364	630,732
Reportable segment profit	159,962	64,967	5,803	230,732



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(ii) **Reconciliation of reportable segment profit or loss**

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Total reportable segment gross profit	85,335	245,245	287,799	227,924	230,732
Other net income/(loss)	200	(14,489)	(518)	(713)	1,159
Selling and distribution expenses	(42,749)	(77,114)	(113,867)	(74,525)	(81,407)
Administrative expenses	(18,377)	(29,222)	(46,066)	(24,423)	(28,646)
Research and development expenses	(8,330)	(16,191)	(21,497)	(13,984)	(14,885)
Finance costs	(1,329)	(2,008)	(3,383)	(2,278)	(1,322)
Changes in the carrying amount of the redemption liability	(4,985)	(3,007)	(164)	(164)	–
Consolidated profit before taxation	9,765	103,214	102,304	111,837	105,631

(iii) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location of which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets.

	Revenues from external customers					Specified non-current assets			
	Year ended 31 December			Eight months ended 31 August		As at 31 December			As at 31 August
	2022	2023	2024	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chinese									
Mainland	330,154	586,836	797,991	554,254	625,017	95,033	184,889	245,226	223,851
Thailand	–	–	–	–	5,691	–	–	–	–
Others	–	–	–	–	24	–	–	–	17
Total	330,154	586,836	797,991	554,254	630,732	95,033	184,889	245,226	223,868

5 OTHER NET INCOME/(LOSS)

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net fair value changes on financial assets measured at fair value through profit or loss	673	232	96	99	115
Gain on disposal of investment in a subsidiary	–	26	–	–	–
Interest income	197	1,034	300	168	180
Government grants	554	317	73	27	661
Net loss on disposal of property, plant and equipment	(1,171)	(3,178)	(1,217)	(837)	(591)
Impairment loss on property, plant and equipment	–	(12,352)	–	–	–
Others	(53)	(568)	230	(170)	794
	200	(14,489)	(518)	(713)	1,159

PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(a) Finance costs					
Interest on bank loans (note 18(c))	822	1,355	2,786	1,867	1,107
Interest on lease liabilities (note 18(c))	507	653	597	411	215
	<u>1,329</u>	<u>2,008</u>	<u>3,383</u>	<u>2,278</u>	<u>1,322</u>

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(b) Staff costs					
Salaries, wages allowances and other benefits in kind	49,997	77,792	112,133	74,934	74,453
Retirement scheme contributions	2,005	4,213	7,492	4,318	5,343
Equity-settled share- based payment expenses (note 26) .	2,053	7,238	5,564	3,716	3,041
	<u>54,055</u>	<u>89,243</u>	<u>125,189</u>	<u>82,968</u>	<u>82,837</u>

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(c) Other items					
Amortisation of intangible assets (note 12)	77	87	80	53	101
Depreciation charge (note 11)					
– owned property, plant and equipment	58,368	65,404	112,018	64,779	103,531
– right-of-use assets	4,977	7,286	10,042	5,821	5,922
Impairment loss on trade and other receivables	2,492	1,716	2,588	1,530	1,245
Impairment loss on property, plant and equipment	–	12,352	–	–	–
Listing expenses	–	–	10,704	685	7,596
Cost of inventories (note 16)	17,576	24,493	24,846	16,002	17,346

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

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

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax – PRC					
Corporate Income Tax (“PRC CIT”) and income taxes of other tax jurisdictions					
Provision for the year/period	3,840	18,289	15,225	17,568	18,443
(Over)/under-provision in respect of prior years . .	–	(5)	18	18	–
	3,840	18,284	15,243	17,586	18,443
Deferred tax					
Origination and reversal of temporary differences (note 27(b))	(556)	(2,410)	1,254	370	(1,362)
	3,284	15,874	16,497	17,956	17,081

- (i) In accordance with relevant rules and regulations of Corporate Income Tax (“CIT”) in Chinese Mainland, the Company is subject to PRC CIT at a preferential tax rate of 15% during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025.
- (ii) Pingtan Lemo Gongchuang Investment Partnership Enterprise (LLP) (“Lemo Gongchuang”) and Pingtan Lemo Gongying Investment Partnership Enterprise (LLP) (“Lemo Gongying”), the special purpose vehicles to hold the ordinary shares for the Company’s employees under the employee incentive scheme as disclosed in note 26, are not subject to CIT of Chinese Mainland.
- (iii) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries of the Company were qualified as “Small Low-profit Enterprise” and enjoyed a reduced corporate income tax rate of 20%. All of the other subsidiaries of the Company are subject to CIT at a statutory rate of 25% during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025.
- (iv) According to the relevant tax rules in the Chinese Mainland, qualified research and development expenses are allowed for bonus deduction for income tax purpose, as a result, an additional 75% to 100% of the qualified research and development expenses of the Company could be deemed as deductible expenses during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025.
- (v) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “Ordinance”), the first HK\$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision for Hong Kong Profits Tax for Lemo IoT International Limited for the eight months ended 31 August 2025 is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK\$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%.

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

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation . . .	9,765	103,214	102,304	111,837	105,631
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned .	2,441	25,804	25,576	27,960	26,266
Tax effect of non- deductible expenses . . .	3,559	5,648	3,893	2,328	2,929
Tax effect of additional deduction for qualified research and development expenses . .	(1,438)	(3,680)	(4,881)	(3,282)	(3,454)
Utilisation of previously unrecognised tax losses .	–	(100)	(323)	(60)	(12)
Tax effect of unused tax losses not recognised . .	281	897	682	335	178
Statutory tax concession . .	(2,123)	(13,025)	(7,479)	(8,828)	(8,390)
Effect of change of tax rate on deferred tax balances	–	–	(343)	(343)	–
Tax effect of unrecognised deductible temporary differences . .	564	335	(646)	(172)	–
(Over)/under-provision in respect of prior years . .	–	(5)	18	18	–
Others	–	–	–	–	(436)
Actual tax expense	3,284	15,874	16,497	17,956	17,081

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 are as follows:

	Year ended 31 December 2022					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and executive director						
Mr. Xie Zhonghui . .	–	538	236	8	782	242
Executive directors						
Mr. Chen Xing	–	382	161	5	548	–
Mr. Feng Baocai . . .	–	376	223	4	603	–
Non-executive directors						
Mr. Xu Wei	–	–	–	–	–	–
Mr. Li Jianzheng . . .	–	–	–	–	–	–
Supervisor						
Ms. Yu Xiaohong. . .	–	209	16	–	225	242
	–	1,505	636	17	2,158	484

Year ended 31 December 2023

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and executive director							
Mr. Xie Zhonghui . .	–	553	479	8	1,040	4,294	5,334
Executive directors							
Mr. Chen Xing	–	471	229	5	705	–	705
Mr. Feng Baocai . . .	–	505	394	5	904	–	904
Non-executive directors							
Mr. Xu Wei	–	–	–	–	–	–	–
Mr. Li Jianzheng . . .	–	–	–	–	–	–	–
Supervisor							
Ms. Yu Xiaohong. . .	–	257	29	2	288	242	530
	–	1,786	1,131	20	2,937	4,536	7,473

Year ended 31 December 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director							
Mr. Han Daohu (appointed on 29 August 2024). .	–	–	–	–	–	–	–
Executive directors							
Mr. Xie Zhonghui (resigned as chairman on 29 August 2024). .	–	553	44	9	606	803	1,409
Mr. Chen Xing	–	468	376	6	850	–	850
Mr. Feng Baocai . . .	–	502	678	6	1,186	229	1,415
Non-executive directors							
Mr. Li Jianzheng (resigned on 29 August 2024). .	–	–	–	–	–	–	–
Mr. Wu Jinghua (appointed on 29 August 2024). .	–	–	–	–	–	–	–
Mr. Xu Wei (resigned on 29 August 2024). .	–	–	–	–	–	–	–
Supervisors							
Ms. Yu Xiaohong. . .	–	313	100	6	419	202	621
Ms. Chen Xia (appointed on 29 August 2024). .	–	37	56	6	99	67	166
Ms. Wang Xuezhen (appointed on 29 August 2024). .	–	133	31	6	170	121	291
	–	2,006	1,285	39	3,330	1,422	4,752

Eight months ended 31 August 2024 (unaudited)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director							
Mr. Han Daohu (appointed on 29 August 2024) . .	—	—	—	—	—	—	—
Executive directors							
Mr. Xie Zhonghui (resigned as chairman on 29 August 2024) . .	—	363	29	6	398	803	1,201
Mr. Chen Xing	—	309	251	4	564	—	564
Mr. Feng Baocai . . .	—	330	452	4	786	—	786
Non-executive directors							
Mr. Li Jianzheng (resigned on 29 August 2024) . .	—	—	—	—	—	—	—
Mr. Wu Jinghua (appointed on 29 August 2024) . .	—	—	—	—	—	—	—
Mr. Xu Wei (resigned on 29 August 2024) . .	—	—	—	—	—	—	—
Supervisors							
Ms. Yu Xiaohong. . .	—	209	67	4	280	147	427
Ms. Chen Xia (appointed on 29 August 2024) . .	—	25	37	4	66	49	115
Ms. Wang Xuezheng (appointed on 29 August 2024) . .	—	77	21	4	102	80	182
	—	1,313	857	26	2,196	1,079	3,275

Eight months ended 31 August 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director							
Mr. Han Daohu	375	—	—	—	375	—	375
Executive directors							
Mr. Xie Zhonghui . .	—	511	240	7	758	—	758
Mr. Chen Xing	—	478	120	5	603	—	603
Mr. Feng Baocai . . .	—	549	240	5	794	578	1,372
Non-executive director							
Mr. Wu Jinghua . . .	—	—	—	—	—	—	—
Supervisors							
Ms. Yu Xiaohong. . .	—	259	22	5	286	—	286
Ms. Chen Xia	—	74	6	5	85	—	85
Ms. Wang Xuezheng .	—	111	9	5	125	80	205
	375	1,982	637	32	3,026	658	3,684

Note: These represent the estimated value of restricted shares granted to the directors and supervisors under the Group's share award scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(p)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed in note 26.

Pursuant to resolutions of shareholders on 23 December 2024, Mr. Lei Zhigang, Ms. Dong Hui, and Mr. Suek Ka Lun Ernie will be appointed as independent non-executive directors of the Company upon listing of the Company.

During the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025, no director, chief executive or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, the chief executive and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3, 2, 2, 2 (unaudited) and 2 are directors whose emoluments are disclosed in note 8 for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 respectively. The aggregate of the emoluments in respect of the other 2, 3, 3, 3 (unaudited) and 3 individuals for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	661	1,336	1,479	967	1,105
Discretionary bonuses	440	986	1,834	1,222	905
Equity-settled share-based payments	323	886	1,899	1,282	1,086
Retirement scheme contributions	9	23	21	15	17
	<u>1,433</u>	<u>3,231</u>	<u>5,233</u>	<u>3,486</u>	<u>3,113</u>

The emoluments of the 2, 3, 3, 3 (unaudited) and 3 individuals with the highest emoluments for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 are within the following bands:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
Nil – HK\$1,000,000	2	1	–	–	1
HK\$1,000,001 – HK\$1,500,000	–	2	–	2	1
HK\$1,500,001 – HK\$2,000,000	–	–	2	1	1
HK\$2,000,001 – HK\$2,500,000	–	–	1	–	–

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025 is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue for the respective year/period. The profit attributable to unvested ordinary shares held for employee incentive scheme with employees (see note 26) and the number of such shares have been excluded from the calculation of basic earnings per share.

As described in note 28(c), the Company converted from a limited liability company into a joint stock limited liability company on 29 August 2024, with a registered capital of RMB50,000,000 divided into 50,000,000 shares with a nominal value of RMB1.00 each. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares were deemed to be in issue before the Company's conversion into a joint stock limited liability company as if the above conversion had occurred on 1 January 2022 at the exchange ratio established on 29 August 2024.

(i) Profit attributable to ordinary equity shareholders of the Company

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period attributable to all equity shareholders of the Company	6,481	87,340	85,807	93,881	88,550
Allocation of profit for the year/period attributable to shares with redemption rights (note 24)	(782)	(6,783)	(361)	(361)	–
Allocation of profit for the year/period attributable to unvested shares held for employee incentive scheme (note 26)	(102)	(1,636)	(2,756)	(3,032)	(2,035)
Profit for the year/period attributable to ordinary equity shareholders of the Company	<u>5,597</u>	<u>78,921</u>	<u>82,690</u>	<u>90,488</u>	<u>86,515</u>

(ii) **Weighted average number of ordinary shares**

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000 (unaudited)	'000
Ordinary shares deemed to be in issue at 1 January	54,063	54,063	50,000	50,000	50,000
Effect of shares deemed to be issued	–	196	–	–	–
Effect of shares deemed to be repurchased	–	(2,501)	–	–	–
Effect of unvested shares held for employee incentive scheme (note 26)	(851)	(969)	(1,606)	(1,615)	(1,152)
Effect of shares with redemption rights (note 24)	(6,521)	(4,020)	(210)	(315)	–
Weighted average number of ordinary shares at 31 December/31 August .	<u>46,691</u>	<u>46,769</u>	<u>48,184</u>	<u>48,070</u>	<u>48,848</u>

(b) **Diluted earnings per share**

For the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025, the unvested ordinary shares held for employee incentive scheme with employees and the shares with redemption rights were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amounts of diluted earnings per share are the same as basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

(a) **Reconciliation of carrying amount**

The Group

	Properties leased for own use	Massage equipment	Office and other equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2022	11,149	252,158	2,143	521	5,386	5,364	276,721
Additions	8,040	–	776	–	2,970	28,703	40,489
Transfer from construction in progress	–	32,108	17	–	–	(32,125)	–
Disposals	(2,962)	(35,589)	–	–	(141)	–	(38,692)
At 31 December 2022 and 1 January 2023	16,227	248,677	2,936	521	8,215	1,942	278,518
Additions	16,287	–	410	13	10,590	156,626	183,926
Transfer from construction in progress	–	146,518	–	–	–	(146,518)	–
Disposals	(9,028)	(59,697)	(381)	–	(944)	–	(70,050)

	Properties leased for own use	Massage equipment	Office and other equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	23,486	335,498	2,965	534	17,861	12,050	392,394
Additions	4,980	–	441	5	14,791	168,602	188,819
Transfer from construction in progress	–	176,372	–	–	–	(176,372)	–
Transfer to construction in progress	–	(5,468)	–	–	–	5,468	–
Write off.	–	(17,514)	–	–	–	–	(17,514)
Disposals	(3,398)	(51,447)	(43)	–	(2,259)	–	(57,147)
At 31 December 2024 and 1 January 2025	25,068	437,441	3,363	539	30,393	9,748	506,552
Additions	2,117	–	444	–	11,282	76,578	90,421
Transfer from construction in progress	–	78,182	–	–	–	(78,182)	–
Disposals	(11,094)	(54,922)	–	–	(2,093)	–	(68,109)
At 31 August 2025	16,091	460,701	3,807	539	39,582	8,144	528,864
Accumulated depreciation:							
At 1 January 2022	(2,743)	(152,024)	(607)	(51)	(521)	–	(155,946)
Charge for the year	(4,977)	(55,284)	(672)	(99)	(2,313)	–	(63,345)
Written back on disposals . . .	2,234	33,073	–	–	141	–	35,448
At 31 December 2022 and 1 January 2023	(5,486)	(174,235)	(1,279)	(150)	(2,693)	–	(183,843)
Charge for the year	(7,286)	(59,402)	(757)	(99)	(5,146)	–	(72,690)
Written back on disposals . . .	5,318	55,404	146	–	241	–	61,109
At 31 December 2023 and 1 January 2024	(7,454)	(178,233)	(1,890)	(249)	(7,598)	–	(195,424)
Charge for the year	(10,042)	(101,767)	(542)	(102)	(9,607)	–	(122,060)
Write off.	–	5,162	–	–	–	–	5,162
Written back on disposals . . .	2,055	47,022	40	–	1,688	–	50,805
At 31 December 2024 and 1 January 2025	(15,441)	(227,816)	(2,392)	(351)	(15,517)	–	(261,517)
Charge for the period	(5,922)	(94,406)	(319)	(68)	(8,738)	–	(109,453)
Written back on disposals . . .	11,022	52,600	–	–	2,093	–	65,715
At 31 August 2025	(10,341)	(269,622)	(2,711)	(419)	(22,162)	–	(305,255)
Impairment:							
At 1 January 2022, 31 December 2022 and 1 January 2023	–	–	–	–	–	–	–
Impairment loss recognised in profit or loss	–	(12,352)	–	–	–	–	(12,352)
At 31 December 2023 and 1 January 2024	–	(12,352)	–	–	–	–	(12,352)
Write off.	–	12,352	–	–	–	–	12,352
At 31 December 2024 and 31 August 2025	–	–	–	–	–	–	–
Net book value:							
At 31 December 2022	10,741	74,442	1,657	371	5,522	1,942	94,675
At 31 December 2023	16,032	144,913	1,075	285	10,263	12,050	184,618
At 31 December 2024	9,627	209,625	971	188	14,876	9,748	245,035
At 31 August 2025	5,750	191,079	1,096	120	17,420	8,144	223,609



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The Company

	Properties leased for own use	Massage equipment	Office and other equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2022	10,911	252,532	2,092	521	5,386	5,364	276,806
Additions	8,042	–	776	–	1,492	28,700	39,010
Transfer from construction in progress	–	32,108	17	–	–	(32,125)	–
Disposals	(2,962)	(35,589)	–	–	(141)	–	(38,692)
At 31 December 2022 and 1 January 2023	15,991	249,051	2,885	521	6,737	1,939	277,124
Additions	11,028	–	351	13	5,208	156,084	172,684
Transfer from construction in progress	–	146,471	–	–	–	(146,471)	–
Disposals	(8,791)	(59,697)	(381)	–	(241)	–	(69,110)
At 31 December 2023 and 1 January 2024	18,228	335,825	2,855	534	11,704	11,552	380,698
Additions	1,987	–	325	–	11,426	169,090	182,828
Transfer from construction in progress	–	176,372	–	–	–	(176,372)	–
Transfer to construction in progress	–	(5,468)	–	–	–	5,468	–
Write off.	–	(17,514)	–	–	–	–	(17,514)
Disposals	(1,961)	(51,446)	(43)	–	(553)	–	(54,003)
At 31 December 2024 and 1 January 2025	18,254	437,769	3,137	534	22,577	9,738	492,009
Additions	917	–	375	–	7,941	76,688	85,921
Transfer from construction in progress	–	78,769	–	–	–	(78,769)	–
Disposals	(9,305)	(54,922)	–	–	(2,093)	–	(66,320)
At 31 August 2025	9,866	461,616	3,512	534	28,425	7,657	511,610
Accumulated depreciation:							
At 1 January 2022	(2,703)	(152,024)	(597)	(51)	(521)	–	(155,896)
Charge for the year	(4,819)	(55,284)	(658)	(99)	(2,057)	–	(62,917)
Written back on disposals . . .	2,234	33,073	–	–	141	–	35,448
At 31 December 2022 and 1 January 2023	(5,288)	(174,235)	(1,255)	(150)	(2,437)	–	(183,365)
Charge for the year	(6,360)	(58,821)	(738)	(99)	(3,868)	–	(69,886)
Written back on disposals . . .	5,081	55,404	146	–	241	–	60,872
At 31 December 2023 and 1 January 2024	(6,567)	(177,652)	(1,847)	(249)	(6,064)	–	(192,379)
Charge for the year	(7,558)	(102,374)	(506)	(102)	(6,530)	–	(117,070)
Write off.	–	5,162	–	–	–	–	5,162
Written back on disposals . . .	1,636	47,022	40	–	553	–	49,251
At 31 December 2024 and 1 January 2025	(12,489)	(227,842)	(2,313)	(351)	(12,041)	–	(255,036)
Charge for the period	(3,884)	(94,494)	(281)	(68)	(6,395)	–	(105,122)
Written back on disposals . . .	9,233	52,600	–	–	2,093	–	63,926
At 31 August 2025	(7,140)	(269,736)	(2,594)	(419)	(16,343)	–	(296,232)

	Properties leased for own use	Massage equipment	Office and other equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment:							
At 1 January 2022,							
31 December 2022 and							
1 January 2023	-	-	-	-	-	-	-
Impairment loss recognised in							
profit or loss	-	(12,352)	-	-	-	-	(12,352)
At 31 December 2023 and							
1 January 2024	-	(12,352)	-	-	-	-	(12,352)
Write off.	-	12,352	-	-	-	-	12,352
At 31 December 2024 and							
31 August 2025	-	-	-	-	-	-	-
Net book value:							
At 31 December 2022	10,703	74,816	1,630	371	4,300	1,939	93,759
At 31 December 2023	11,661	145,821	1,008	285	5,640	11,552	175,967
At 31 December 2024	5,765	209,927	824	183	10,536	9,738	236,973
At 31 August 2025	2,726	191,880	918	115	12,082	7,657	215,378

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Group's massage equipment with carrying amount of nil, RMB41,251,000, RMB41,489,000 and nil were pledged as collateral for the Group's bank loans (note 22) respectively.

In the second half of 2023, the Group identified some components of certain new models of massage equipment deployed in cinemas had quality problems, and decided to phase-out these massage equipment for repairment. As a result, the expected usage of these massage equipment were lower than originally budgeted. The Group assessed the recoverable amounts of these massage equipment comprising the CGU in relation to its mechanical massage service under Direct Mode.

The recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period. The key assumptions used in estimating the recoverable amount are as follows:

	2023
Expected usage during the forecast period	77%-88%
Annual revenue growth rate during the forecast period	2.5%
Gross profit margin	36.5%
Pre-tax discount rate	9.8%

An impairment loss of RMB12,352,000 was recognised in "Other net income/(loss)" during the year ended 31 December 2023. As at 31 December 2023, the carrying amount of the CGU was written down to their recoverable amount of RMB8,103,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

During the year ended 31 December 2024, the cost of these massage equipment was written off to the recoverable amount and transferred from "massage equipment" to "construction in progress" when they were sent to the Group's own processing and repair facility for repairment.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Included in "Property, plant and equipment":				
Properties leased for own use, carried at depreciated cost	10,741	16,032	9,627	5,750

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

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge of right-of-use assets by class of underlying asset:					
Properties leased for own use.	4,977	7,286	10,042	5,821	5,922
Interest on lease liabilities (note 6(a))	507	653	597	411	215
Expense relating to short-term leases	13,888	13,674	17,742	12,552	16,139
COVID-19-related rent concessions received	(88)	—	—	—	—
Variable lease payments not included in the measurement of lease liabilities	106	230	591	263	501

During the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025, additions to right-of-use assets were RMB8,040,000, RMB16,287,000, RMB4,980,000 and RMB2,117,000, respectively. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(d) and 23 respectively.

The Group has obtained the right to use properties as its POS, manufacturing facilities and administrative offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Lease payments are usually increased every 1 year to reflect market rentals.

The Group leased a number of POS which contain variable lease payment terms that are based on revenue generated from the POS and minimum annual lease payment terms that are fixed. These payment terms are common in POS in Chinese Mainland where the Group operates. The amount of fixed and variable lease payments for the years/periods is summarised below:

Year ended 31 December 2022			
	Fixed payments	Variable payments	Total payments
	RMB'000	RMB'000	RMB'000
POS	2,264	106	2,370
Manufacturing facilities and administrative offices.	2,329	–	2,329
	4,593	106	4,699

Year ended 31 December 2023			
	Fixed payments	Variable payments	Total payments
	RMB'000	RMB'000	RMB'000
POS	4,887	230	5,117
Manufacturing facilities and administrative offices.	4,074	–	4,074
	8,961	230	9,191

Year ended 31 December 2024			
	Fixed payments	Variable payments	Total payments
	RMB'000	RMB'000	RMB'000
POS	5,569	591	6,160
Manufacturing facilities and administrative offices.	4,956	–	4,956
	10,525	591	11,116

Eight months ended 31 August 2024 (unaudited)			
	Fixed payments	Variable payments	Total payments
	RMB'000	RMB'000	RMB'000
POS	4,027	263	4,290
Manufacturing facilities and administrative offices.	2,622	–	2,622
	6,649	263	6,912

Eight months ended 31 August 2025			
	Fixed payments	Variable payments	Total payments
	RMB'000	RMB'000	RMB'000
POS	2,975	501	3,476
Manufacturing facilities and administrative offices.	2,597	–	2,597
	5,572	501	6,073

At 31 December 2022, 2023 and 2024 and 31 August 2024 and 2025, it is estimated that an increase in sales generated from these POS by 5% would have increased the lease payments by RMB25,000, RMB33,000, RMB30,000, RMB13,000 (unaudited) and RMB25,000, respectively.



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INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At 1 January 2022	100
Additions	395
At 31 December 2022, 31 December 2023, 31 December 2024 and 1 January 2025	495
Additions	169
At 31 August 2025	664
Accumulated amortisation:	
At 1 January 2022	(60)
Charge for the year	(77)
At 31 December 2022 and 1 January 2023	(137)
Charge for the year	(87)
At 31 December 2023 and 1 January 2024	(224)
Charge for the year	(80)
At 31 December 2024 and 1 January 2025	(304)
Charge for the period	(101)
At 31 August 2025	(405)
Net book value:	
At 31 December 2022	358
At 31 December 2023	271
At 31 December 2024	191
At 31 August 2025	259

The amortisation charge for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 is included in administrative expenses and selling and distribution expenses in the consolidated statements of profit or loss.

13 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company is listed below:

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	4,700	10,950	12,380	12,889

Further details of the principal subsidiaries of the Group are set out in note 1.

14 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent prepayments for POS rentals and expenses.

15 FINANCIAL ASSETS MEASURED AT FAIR VALUE

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss				
– Wealth management products (note (i))	20,519	15,751	–	60,097
Financial assets measured at fair value through other comprehensive income				
– Negotiable certificate of deposit (note (ii)).	–	10,007	10,172	–

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss				
– Wealth management products (note (i))	20,519	15,750	–	60,097
Financial assets measured at fair value through other comprehensive income				
– Negotiable certificate of deposit (note (ii)).	–	10,007	10,172	–

- (i) The amount represents investments in wealth management products issued by reputable financial institutions in Chinese Mainland. There are no fixed or determinable returns of these wealth management products.
- (ii) Annual interest rate of negotiable certificate of deposit held by the Group as at 31 December 2023 and 2024 is 2.85% and 2.60% with maturity date of December 2026 and May 2026 respectively.

16 INVENTORIES

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Inventories				
Raw materials	4,845	5,159	4,746	8,265
Work in progress	21	18	–	5
Finished goods	447	953	779	928
Goods in transit	98	68	46	440
	5,411	6,198	5,571	9,638

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Inventories				
Raw materials	3,299	3,765	3,544	4,494
Work in progress	21	18	—	—
Finished goods	447	952	131	173
Goods in transit	98	64	15	—*
	<u>3,865</u>	<u>4,799</u>	<u>3,690</u>	<u>4,667</u>

* This amount is less than RMB500.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Carrying amount of inventories sold	5,639	6,171	7,488	4,479	9,306
Carrying amount of inventories recognised as research and development expenses	576	1,281	3,321	2,344	941
Carrying amount of inventories recognised as selling and distribution expenses	8,520	12,807	10,332	7,751	5,371
Carrying amount of inventories consumed as cost of sales	2,640	4,193	3,581	1,415	1,740
Write-down/(reversal of write-down) of inventories	201	41	124	13	(12)
	<u>17,576</u>	<u>24,493</u>	<u>24,846</u>	<u>16,002</u>	<u>17,346</u>

17 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Trade receivables, net of loss allowance				
– third parties	—	—	—	3,448
Current				
Trade receivables, net of loss allowance				
– third parties	2,330	1,346	943	3,552
– related parties	—	—	—	466
Deposits (note (i))	26,809	40,787	52,950	58,391
VAT recoverable	12,827	12,001	16,143	18,123
Other receivables	4,939	9,460	5,427	8,312
	<u>46,905</u>	<u>63,594</u>	<u>75,463</u>	<u>92,292</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Trade receivables, net of loss allowance				
– third parties	2,229	1,346	919	1,550
– related parties	–	–	–	459
Deposits (note (i))	26,735	28,502	29,826	26,637
VAT recoverable	12,802	11,997	15,869	17,724
Other receivables	4,839	8,584	3,563	5,527
	<u>46,605</u>	<u>50,429</u>	<u>50,177</u>	<u>51,897</u>

(i) Deposits mainly include the deposits paid to the site owners of POS which is refundable upon termination of the occupancy agreement.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, deposits of RMB20,078,000, RMB26,140,000, RMB28,780,000 and RMB29,152,000 of the Group were expected to be recovered or recognised as expense after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the ageing analysis of trade receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current (not past due)	1,215	897	919	7,402
Less than 3 months past due	10	28	2	35
More than 3 months but less than 1 year past due	1,025	375	21	27
Past due over 1 year	80	46	1	2
	<u>2,330</u>	<u>1,346</u>	<u>943</u>	<u>7,466</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current (not past due)	1,114	897	895	1,963
Less than 3 months past due	10	28	2	17
More than 3 months but less than 1 year past due	1,025	375	21	27
Past due over 1 year	80	46	1	2
	<u>2,229</u>	<u>1,346</u>	<u>919</u>	<u>2,009</u>

Trade receivables are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

Prepayment

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for:				
– occupancy fee of POS	38,576	74,799	94,761	93,746
– others	881	1,429	5,077	7,168
	<u>39,457</u>	<u>76,228</u>	<u>99,838</u>	<u>100,914</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for:				
– occupancy fee of POS	38,424	51,360	45,981	41,986
– others	881	1,127	4,143	6,344
	<u>39,305</u>	<u>52,487</u>	<u>50,124</u>	<u>48,330</u>

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	38,580	36,624	17,471	45,019
Cash balances with payment platforms	4,631	2,267	2,213	1,675
Cash and cash equivalents	<u>43,211</u>	<u>38,891</u>	<u>19,684</u>	<u>46,694</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	33,171	30,662	10,122	26,251
Cash balances with payment platforms	4,482	2,100	1,939	1,284
Cash and cash equivalents	<u>37,653</u>	<u>32,762</u>	<u>12,061</u>	<u>27,535</u>

Cash balances with payment platforms represents cash balances kept with third party payment platforms, which can be withdrawn on demand.

As at 31 December 2022, 2023 and 2024, all cash and cash equivalents were situated in Chinese Mainland. As at 31 August 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB40,755,000. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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

	Note	Year ended 31 December			Eight months ended 31 August	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation		9,765	103,214	102,304	111,837	105,631
Adjustments for:						
Depreciation	6(c)	63,345	72,690	122,060	70,600	109,453
Amortisation of intangible assets	6(c)	77	87	80	53	101
Finance costs	6(a)	1,329	2,008	3,383	2,278	1,322
Changes in the carrying amount of the redemption liability	18(c)	4,985	3,007	164	164	—
Interest income	5	(197)	(1,034)	(300)	(168)	(180)
Write-down/(reversal of write-down) of inventories	16	201	41	124	13	(12)
Loss on disposal of property, plant and equipment	5	1,171	3,178	1,217	837	591
Net fair value changes on financial assets measured at fair value through profit or loss	5	(673)	(232)	(96)	(99)	(115)
Gain on disposal of investment in a subsidiary	5	—	(26)	—	—	—
Equity-settled share-based payment expenses	6(b)	2,053	7,238	5,564	3,716	3,041
Impairment loss on trade and other receivables	6(c)	2,492	1,716	2,588	1,530	1,245
Impairment loss on property, plant and equipment	6(c)	—	12,352	—	—	—
COVID-19-related rent concessions received	11(b)	(88)	—	—	—	—
Foreign exchange loss		—	—	—	—	36
Others		—	(7)	(222)	(4)	(6)
Changes in working capital:						
Decrease/(increase) in inventories		1,633	(828)	503	(3,036)	(4,055)
Increase in trade and other receivables and prepayments		(2,933)	(55,298)	(35,583)	(25,610)	(17,408)
Increase in other non-current assets		(5,416)	(917)	(7,269)	(328)	(307)
Increase/(decrease) in trade and other payables		9,162	27,575	21,888	27,963	(104)
Increase/(decrease) in contract liabilities		1,324	1,568	(2,637)	(402)	88
(Decrease)/increase in other current liabilities		(1,090)	67	4	5	—*
Cash generated from operations		<u>87,140</u>	<u>176,399</u>	<u>213,772</u>	<u>189,349</u>	<u>199,321</u>

* This amount is less than RMB500.

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans	Lease liabilities	Redemption liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 22)	(Note 23)	(Note 24)	
At 1 January 2022	20,029	8,282	70,077	98,388
Changes from financing cash flows:				
Proceeds from new bank loans	21,250	—	—	21,250
Repayment of bank loans	(23,000)	—	—	(23,000)
Capital element of lease rentals paid	—	(4,031)	—	(4,031)
Interest element of lease rentals paid	—	(507)	—	(507)
Interest paid	(830)	—	—	(830)
Total changes from financing cash flows	(2,580)	(4,538)	—	(7,118)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	7,992	—	7,992
Decrease in lease liabilities from termination of lease contracts	—	(677)	—	(677)
COVID-19-related rent concessions received (note 11(b))	—	(88)	—	(88)
Changes in the carrying amount of the redemption liability	—	—	4,985	4,985
Interest expenses (note 6(a))	822	507	—	1,329
Total other changes	822	7,734	4,985	13,541
At 31 December 2022	18,271	11,478	75,062	104,811

	Bank loans	Lease liabilities	Redemption liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 22)	(Note 23)	(Note 24)	
At 1 January 2023	18,271	11,478	75,062	104,811
Changes from financing cash flows:				
Proceeds from new bank loans	69,760	—	—	69,760
Repayment of bank loans	(31,854)	—	—	(31,854)
Partial settlement of the redemption liability	—	—	(62,060)	(62,060)
Capital element of lease rentals paid	—	(7,466)	—	(7,466)
Interest element of lease rentals paid	—	(653)	—	(653)
Interest paid	(1,410)	—	—	(1,410)
Total changes from financing cash flows	36,496	(8,119)	(62,060)	(33,683)

	Bank loans	Lease liabilities	Redemption liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 22)	(Note 23)	(Note 24)	
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	16,139	–	16,139
Decrease in lease liabilities from termination of lease contracts . . .	–	(3,997)	–	(3,997)
Changes in the carrying amount of the redemption liability	–	–	3,007	3,007
Interest expenses (note 6(a))	1,355	653	–	2,008
Total other changes	1,355	12,795	3,007	17,157
At 31 December 2023	56,122	16,154	16,009	88,285
	Bank loans	Lease liabilities	Redemption liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 22)	(Note 23)	(Note 24)	
At 1 January 2024	56,122	16,154	16,009	88,285
Changes from financing cash flows:				
Proceeds from new bank loans	52,780	–	–	52,780
Repayment of bank loans	(53,952)	–	–	(53,952)
Capital element of lease rentals paid	–	(9,983)	–	(9,983)
Interest element of lease rentals paid	–	(597)	–	(597)
Interest paid	(2,863)	–	–	(2,863)
Total changes from financing cash flows	(4,035)	(10,580)	–	(14,615)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	4,280	–	4,280
Decrease in lease liabilities from termination of lease contracts . . .	–	(1,449)	–	(1,449)
Changes in the carrying amount of the redemption liability	–	–	164	164
Interest expenses (note 6(a))	2,786	597	–	3,383
Cancellation of the redemption liability (note 24)	–	–	(16,173)	(16,173)
Total other changes	2,786	3,428	(16,009)	(9,795)
At 31 December 2024	54,873	9,002	–	63,875

(unaudited)	Bank loans	Lease liabilities	Redemption liability	Total
	RMB'000 (Note 22)	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000
At 1 January 2024	56,122	16,154	16,009	88,285
Changes from financing cash flows:				
Proceeds from new bank loans	42,880	—	—	42,880
Repayment of bank loans	(34,060)	—	—	(34,060)
Capital element of lease rentals paid	—	(6,171)	—	(6,171)
Interest element of lease rentals paid	—	(411)	—	(411)
Interest paid	(1,748)	—	—	(1,748)
Total changes from financing cash flows	7,072	(6,582)	—	490
Other changes:				
Increase in lease liabilities from entering into new leases during the period	—	2,169	—	2,169
Decrease in lease liabilities from termination of lease contracts	—	(1,134)	—	(1,134)
Changes in the carrying amount of the redemption liability	—	—	164	164
Interest expenses (note 6(a))	1,867	411	—	2,278
Cancellation of the redemption liability (note 24)	—	—	(16,173)	(16,173)
Total other changes	1,867	1,446	(16,009)	(12,696)
At 31 August 2024	65,061	11,018	—	76,079

	Bank loans	Lease liabilities	Total
	RMB'000 (Note 22)	RMB'000 (Note 23)	RMB'000
At 1 January 2025	54,873	9,002	63,875
Changes from financing cash flows:			
Proceeds from new bank loans	54,500	—	54,500
Repayment of bank loans	(54,825)	—	(54,825)
Capital element of lease rentals paid	—	(5,357)	(5,357)
Interest element of lease rentals paid	—	(215)	(215)
Interest paid	(1,123)	—	(1,123)
Total changes from financing cash flows	(1,448)	(5,572)	(7,020)
Other changes:			
Increase in lease liabilities from entering into new leases during the period	—	2,116	2,116
Decrease in lease liabilities from termination of lease contracts	—	(76)	(76)
Interest expenses (note 6(a))	1,107	215	1,322
Total other changes	1,107	2,255	3,362
At 31 August 2025	54,532	5,685	60,217



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(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following, which are related to lease rentals paid:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating cash flows . . .	13,888	13,674	17,742	12,552	16,139
Within financing cash flows . . .	4,538	8,119	10,580	6,582	5,572
	18,426	21,793	28,322	19,134	21,711

19 AMOUNTS DUE FROM/TO SUBSIDIARIES

The Company

Amounts due from subsidiaries of RMB4,104,000, RMB31,139,000, RMB39,999,000 and RMB3,438,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively, were non-trade in nature, and were unsecured, interest-free and repayable on demand. The remaining amounts due from subsidiaries of RMB237,000, RMB685,000, RMB1,497,000 and RMB42,689,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively, were trade in nature and were expected to be settled within one year.

Amounts due to subsidiaries of RMB2,272,000, RMB755,000, RMB9,612,000 and RMB5,652,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively, were trade in nature and were repayable on demand. The remaining amounts due to subsidiaries of nil, nil, RMB218,000 and RMB1,178,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively, were non-trade in nature, and were unsecured, interest-free and repayable on demand.

20 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	22,492	63,086	74,812	62,752
Receipts in advance	23,166	27,670	29,663	31,704
Deposits (note (i))	5,861	5,628	5,267	5,097
Salary and welfare payables	10,054	21,118	30,857	25,611
Dividends payable to equity shareholders	–	20,000	12	–
Other payables and accruals	6,998	12,516	19,293	15,826
Financial liabilities measured at amortised cost	68,571	150,018	159,904	140,990
Other tax payables	1,181	2,166	1,967	2,921
	69,752	152,184	161,871	143,911

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	21,469	58,902	67,543	47,461
Receipts in advance	23,157	27,626	29,624	31,662
Deposits (note (i))	5,861	5,628	5,105	5,038
Salary and welfare payables	9,590	11,202	13,040	9,557
Dividends payable to equity shareholders	—	20,000	—	—
Other payables and accruals	6,933	11,170	16,915	14,275
Financial liabilities measured at amortised cost	67,010	134,528	132,227	107,993
Other tax payables	962	1,111	1,295	1,171
	<u>67,972</u>	<u>135,639</u>	<u>133,522</u>	<u>109,164</u>

- (i) Deposits mainly represent deposits paid by Local Partners, which is refundable upon termination of the cooperation agreement.

All trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

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

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	11,846	47,050	55,549	45,975
Over 3 months but within 6 months	3,187	4,294	4,977	2,912
Over 6 months but within 9 months	1,881	2,313	341	1,903
Over 9 months but within 1 year	1,138	3,229	1,743	2,699
Over 1 year	4,440	6,200	12,202	9,263
	<u>22,492</u>	<u>63,086</u>	<u>74,812</u>	<u>62,752</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	11,012	44,328	51,437	34,454
Over 3 months but within 6 months	3,184	4,118	2,646	1,552
Over 6 months but within 9 months	1,881	2,221	257	941
Over 9 months but within 1 year	1,137	3,222	1,584	1,774
Over 1 year	4,255	5,013	11,619	8,740
	<u>21,469</u>	<u>58,902</u>	<u>67,543</u>	<u>47,461</u>

CONTRACT LIABILITIES

The Group and the Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Receipts in advance#	350	1,454	1,498	1,610
Unredeemed credits	2,121	2,583	–	–
Others	205	207	109	85
	<u>2,676</u>	<u>4,244</u>	<u>1,607</u>	<u>1,695</u>

This mainly represents the advance payments (exclude output VAT) from customers, for which the underlying services are yet to be provided. The output VAT contained in the advance payments has been classified under other current liabilities.

Movement in contract liabilities

The Group and the Company

	Year ended 31 December			Eight months ended 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	1,352	2,676	4,244	1,607
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(1,294)	(2,558)	(4,129)	(1,414)
Increase in contract liabilities as a result of receiving advances from customers during the year/period	2,618	4,126	1,492	1,502
Balance at 31 December/31 August	<u>2,676</u>	<u>4,244</u>	<u>1,607</u>	<u>1,695</u>

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the amount of contract liabilities expected to be recognised as income after one year or more is RMB118,000, RMB99,000, RMB38,000 and RMB23,000 respectively. All of the other contract liabilities are expected to be recognised as income within one year.

22 BANK LOANS

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term bank loans				
– unsecured and guaranteed	15,250	35,040	32,834	–
– unsecured and unguaranteed . . .	3,021	–	–	54,532
– secured and guaranteed	–	7,385	10,641	–
	<u>18,271</u>	<u>42,425</u>	<u>43,475</u>	<u>54,532</u>
Long-term bank loans				
– secured and guaranteed	–	13,697	11,398	–
	<u>18,271</u>	<u>56,122</u>	<u>54,873</u>	<u>54,532</u>

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term bank loans				
– unsecured and guaranteed	15,250	35,040	29,831	–
– unsecured and unguaranteed . . .	1,721	–	–	54,532
– secured and guaranteed	–	7,385	10,641	–
	16,971	42,425	40,472	54,532
Long-term bank loans				
– secured and guaranteed	–	13,697	11,398	–
	16,971	56,122	51,870	54,532

Bank loans bear interest ranging from 3.95% to 4.95% per annum, 4.00% to 4.85% per annum, 2.60% to 4.85% per annum and 1.50% to 2.50% per annum as at 31 December 2022, 2023 and 2024 and 31 August 2025, respectively.

Several bank loans of the Group are subject to the fulfilment of covenants relating to certain of the Company or the Group's subsidiaries' financial metrics. If the Group was to breach the covenants, the related loans would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 29(b). As at 31 December 2022, 2023 and 2024 and 31 August 2025, none of the covenants relating to drawn down facilities had been breached.

(a) Assets pledged as security for bank loans

As at 31 December 2022, 2023 and 2024 and 31 August 2025, bank loans of nil, RMB21,082,000, RMB22,039,000 and nil of the Group were secured by property, plant and equipment of the Group with carrying amount of nil, RMB41,251,000, RMB41,489,000 and nil (note 11(a)).

As at 31 December 2022, 2023 and 2024 and 31 August 2025, bank loans of RMB15,250,000, RMB56,122,000, RMB54,873,000 and nil of the Group were guaranteed by one of the controlling shareholders (note 31(d)) and his affiliated individual.

(b) The analysis of the repayment schedule of bank loans is as follows:

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	18,271	42,425	43,475	54,532
After 1 year but within 2 years . . .	–	7,287	9,737	–
After 2 years but within 5 years . . .	–	6,410	1,661	–
	–	13,697	11,398	–
	18,271	56,122	54,873	54,532

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	16,971	42,425	40,472	54,532
After 1 year but within 2 years	—	7,287	9,737	—
After 2 years but within 5 years	—	6,410	1,661	—
	—	13,697	11,398	—
	16,971	56,122	51,870	54,532

23 LEASE LIABILITIES

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the lease liabilities were repayable as follows:

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	4,682	8,426	6,083	3,878
After 1 year but within 2 years.	2,780	4,832	2,338	1,661
After 2 years but within 5 years	4,016	2,896	581	146
	6,796	7,728	2,919	1,807
	11,478	16,154	9,002	5,685

The Company

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	4,641	6,852	4,086	2,012
After 1 year but within 2 years.	2,780	3,581	1,266	569
After 2 years but within 5 years	4,016	1,471	144	98
	6,796	5,052	1,410	667
	11,437	11,904	5,496	2,679

In December 2017, Ma'anshan Cornerstone Yixiang Equity Investment Partnership Enterprise (LLP) ("Cornerstone Yixiang") entered into a capital increase agreement ("the Capital Increase Agreement") with the Company to subscribe for approximately RMB1,428,571 paid-in capital in the Company at the consideration of RMB50.0 million, which was fully settled in December 2017. As a result, Cornerstone Yixiang had an equity interest of 12.5% in the Company with preferential rights.

In addition to voting rights and dividend rights which are the same for all shareholders of the Company, certain key preferential rights granted to Cornerstone Yixiang stipulated under the Capital Increase Agreement are summarised as follows:

Cornerstone Yixiang has a right to require the Company and/or its founding shareholders to purchase all of the paid-in capital in the Company held under the Capital Increase Agreement upon the occurrence of certain events including but not limited to (i) its failure to consummate a qualified IPO within five years from the date of closing, or (ii) the total equity interest of the Company held by its founding shareholders is less than 30%. The redemption price shall be the higher of the following: (i) the consideration paid by Cornerstone Yixiang plus a simple interest of 10% per annum for the period from the payment date of the consideration up to the redemption date; or (ii) a pro-rata share of the Company's latest audited book net assets at that time.

In addition, upon the occurrence of a liquidation of the Company before a qualified IPO, Cornerstone Yixiang is entitled to receive, prior and in preference in any distribution of assets of the Company to other shareholders, an amount equal to the consideration paid plus a simple interest of 10% per annum for the period from the payment date of the consideration up to the liquidation date. Any remaining net assets of the Company are distributed amongst all shareholders rateably.

The redemption liability is classified as a current liability as explained in note 2(n).

In April 2023, Cornerstone Yixiang entered into a repurchase agreement ("the Repurchase Agreement") with the Company to require the Company to repurchase RMB1,142,857 paid-in capital of the Company held by way of capital reduction. The consideration was RMB62,060,000 which was determined pursuant to the redemption price as set out in the Capital Increase Agreement and was fully settled in 2023. According to the Repurchase Agreement, Cornerstone Yixiang and the Company extended the due date of the qualified IPO for three years.

As at 31 December 2022 and 2023, the carrying amounts of redemption liability of RMB75,062,000 and RMB16,009,000 are calculated based on the higher of the consideration paid plus an interest of 10% per annum or the pro-rata share of the Company's net assets at that date.

On 28 February 2024, Cornerstone Yixiang waived all preferential rights stipulated under the Capital Increase Agreement and the Repurchase Agreement. As a result, the Company derecognised the redemption liability and included its carrying amount in equity.

The movements of the redemption liability of the Company during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 are set out in note 18(c).

25 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

As stipulated by the regulations of the Chinese Mainland, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans based on certain percentage of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the contributions described above.

The Group has adopted employee incentive schemes on 1 December 2021 (the “Employee Incentive Scheme 2021”) and 8 September 2023 (the “Employee Incentive Scheme 2023”), respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their past and future contributions to the Group. In connection with the Employee Incentive Scheme 2021 and Employee Incentive Scheme 2023, Lemo Gongchuang and Lemo Gongying were established in Chinese Mainland respectively as the employee incentive vehicles to respectively subscribe RMB415,804 and RMB252,741 registered capital of the Company. Eligible participants as approved by the Company were granted the equity interests in the form of registered capital of the Company through holding the limited partnership interests in Lemo Gongchuang or Lemo Gongying (referred to as “Restricted Equity Interests”). The employee incentive vehicles are treated as the subsidiaries of the Company because their relevant activities are directed by the Company so as to suit the Group’s obligations in relation to the employee incentive schemes.

On 29 August 2024, the Company was converted into a joint stock limited liability company (note 28(c)(i)), and therefore, the total registered capital of the Company, amounting to RMB668,545, indirectly granted to the eligible participants of the employee incentive schemes were converted into 3,051,530 restricted shares of the Company on the same terms and conditions without a change in the underlying economic interests.

(a) Details of terms and conditions of the respective Restricted Equity Interests granted:

Employee Incentive Scheme 2021

On 1 December 2021, 29 July 2022 and 7 June 2024, certain directors of the Company were granted the Restricted Equity Interests in the form of the Company’s registered capital of RMB226,139, RMB7,295 and RMB14,590, respectively, at a subscription price of RMB8.4 per each registered capital. These share awards were vested immediately at the corresponding dates of grant.

On 1 December 2021, 16 employees of the Company were granted the Restricted Equity Interests in the form of the Company’s registered capital of RMB189,665 at a subscription price of RMB8.4 per each registered capital, which would be vested on the completion of the required service period of 36 months from the date of grant, subject to the employee’s annual performance evaluation each year. On 1 December 2024, 765,821 unvested shares pursuant to the Employee Incentive Scheme 2021 were vested at the date of 36 months from the date of grant. The Company has the right to repurchase the Restricted Equity Interests at the original subscription price if the service requirement is not satisfied. As at 31 December 2022, 2023 and 2024 and 31 August 2025, the deposit liabilities recognised under the Employee Incentive Scheme 2021 were RMB1,532,000, RMB1,532,000, nil and nil respectively.

The directors and employees are only allowed to transfer their vested Restricted Equity Interests to the other eligible participants of the Employee Incentive Scheme 2021. If the employees’ services are terminated before initial public offering (“IPO”), the employees are required to surrender the share award at a specified price or transfer it to other eligible participants. This transfer restriction will be released after three years upon completion of the IPO.

Employee Incentive Scheme 2023

On 8 September 2023, one director of the Company was granted the Restricted Equity Interests in the form of the Company’s registered capital of RMB76,163 at a subscription price of RMB10.58 per each registered capital. Further, on 31 August 2024, the same director of the Company was granted the Restricted Equity Interests in the form of 29,308 Company’s shares at a subscription price of RMB2.32 per share. The share awards granted to the directors were vested immediately at the corresponding dates of grant.

On 8 September 2023, 12 employees of the Company were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB176,578 at a subscription price of RMB10.58 per each registered capital, which would vest on the completion of the required service period of 36 months from the date of grant or the end of the A-share IPO lock-up period as mandated by stock exchanges in Chinese Mainland, whichever is later, and it is subject to the employee's annual performance evaluation each year. On 14 December 2023, the Group modified the share awards granted to the employees to remove the requirement of the occurrence of A-share IPO during the vesting period. From the date of the modification, the Group would take into account the revised vesting condition and recognises the grant-date fair value during the revised vesting period with adjusting the recognised share-based payment cost in the period of the modification to the amount that would have been recognised if the revised vesting conditions had always existed.

On 26 September 2024, 1 director and 4 employees of the Company were granted the Restricted Equity Interests in the form of the Company's shares at a subscription price of RMB4.09 per share. These share awards would vest on the completion of the required service period of 36 months from the date of grant, subject to the employee's annual performance evaluation each year.

The Company has the right to repurchase the share awards at the original subscription price if the service requirement is not satisfied. As at 31 December 2022, 2023 and 2024 and 31 August 2025, the deposit liabilities recognised under Employee Incentive Scheme 2023 were nil, RMB1,868,000, RMB3,334,000 and RMB3,334,000 respectively.

(b) Movements in numbers and weighted average fair value of the Restricted Equity Interests granted to directors and employees of the Company are as follows:

	2022		2023		2024			2025		
	Amount of registered capital	Weighted average fair value per RMB1 registered capital	Amount of registered capital	Weighted average fair value per RMB1 registered capital	Amount of registered capital	Number of shares	Weighted average fair value per RMB1 registered capital	Weighted average fair value per share	Number of shares	Weighted average fair value per share
	RMB	RMB	RMB	RMB	RMB		RMB	RMB		RMB
As at 1 January . . .	415,804	38.64	415,804	38.64	668,545	–	49.34	N/A	3,426,653	12.22
Granted and subscribed during the year/period . . .	7,295	38.64	252,741	66.96	14,590	404,431	66.96	14.98	–	N/A
Forfeited during the year/period . . .	(7,295)	38.64	–	N/A	(14,590)	(29,308)	66.96	14.67	–	N/A
Effect of conversion to a joint stock limited liability company	–	N/A	–	N/A	(668,545)	3,051,530	N/A	N/A	–	N/A
As at										
31 December/										
31 August	415,804	38.64	668,545	49.34	–	3,426,653	N/A	12.22	3,426,653	12.22

As at 31 December 2022 and 2023, the unvested registered capital under Employee Incentive Scheme 2021 and Employee Incentive Scheme 2023 were RMB182,370 and RMB358,948 respectively. As at 31 December 2024 and 31 August 2025, the unvested shares under Employee Incentive Scheme 2023 were 1,151,795 shares.

(c) Fair value of the share awards and assumptions

The fair value of services received in return for the Restricted Equity Interests granted is measured by reference to the fair value of Restricted Equity Interests granted at the corresponding dates of grant. No adjustment is required for expected dividends as the directors and employees are entitled to receive dividends paid during the vesting period. Except for those ordinary shares granted on 26 September 2024, whose fair value is measured with reference to the issuance price of a recent transaction of the Company's fundraising activity, discounted cash flow method was used to determine the underlying equity fair value of the Company with following key assumptions at the respective dates of share grant:

	Employee Incentive Scheme 2021	Employee Incentive Scheme 2023
Annual growth rate of revenue during five-year forecast period		
• 1 December 2021 and 29 July 2022	-4.25%-76.21%	
• 8 September 2023 and 31 August 2024		2.82%-27.96%
• 7 June 2024	2.82%-27.96%	
Estimated weighted average growth rate beyond the five-year period		
• 1 December 2021 and 29 July 2022	2.50%	
• 8 September 2023 and 31 August 2024		4.88%
• 7 June 2024	4.88%	
Gross profit margin during five-year forecast period		
• 1 December 2021 and 29 July 2022	28.99%-46.04%	
• 8 September 2023 and 31 August 2024		34.90%-38.78%
• 7 June 2024	34.90%-38.78%	
Weighted average cost of capital ("WACC")		
• 1 December 2021 and 29 July 2022	11.50%	
• 8 September 2023 and 31 August 2024		10.30%
• 7 June 2024	10.30%	
Discount for lack of marketability ("DLOM")		
• 1 December 2021 and 29 July 2022	26.46%	
• 8 September 2023 and 31 August 2024		15.56%
• 7 June 2024	15.56%	

27 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

The Group

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax assets:				
PRC CIT recoverable	–	–	2,180	–
Current tax liabilities:				
PRC CIT payable	2,951	9,116	5,210	12,442
Hong Kong Profits Tax payable . . .	–	–	–	164
	2,951	9,116	5,210	12,606

(b) Deferred tax assets and liabilities recognised:

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

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

	Credit loss allowance	Write-down of inventories	Impairment loss on property, plant and equipment	Unrealised inter-group profit	Accumulated tax losses	Accruals	Right-of-use assets	Lease liabilities	Depreciation on property, plant and equipment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:											
At 1 January 2022	(1,322)	-	-	(220)	-	(253)	1,273	(1,214)	-	-	(1,736)
(Credited)/charged to profit or loss	(342)	(28)	-	93	-	(109)	333	(503)	-	-	(556)
At 31 December 2022 and 1 January 2023	(1,664)	(28)	-	(127)	-	(362)	1,606	(1,717)	-	-	(2,292)
Charged/(credited) to profit or loss	271	1	(1,853)	(102)	(96)	(710)	360	(281)	-	-	(2,410)
At 31 December 2023 and 1 January 2024	(1,393)	(27)	(1,853)	(229)	(96)	(1,072)	1,966	(1,998)	-	-	(4,702)
(Credited)/charged to profit or loss	(414)	(19)	1,853	78	96	(1,125)	(503)	643	645	-	1,254
At 31 December 2024 and 1 January 2025	(1,807)	(46)	-	(151)	-	(2,197)	1,463	(1,355)	645	-	(3,448)
Charged/(credited) to profit or loss	40	1	-	(35)	-	(622)	(524)	463	(645)	(40)	(1,362)
At 31 August 2025	(1,767)	(45)	-	(186)	-	(2,819)	939	(892)	-	(40)	(4,810)

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statements of financial position	(2,292)	(4,702)	(3,448)	(4,810)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,122,000, RMB4,308,000, RMB5,452,000 and RMB6,030,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under current tax legislation.

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Note	Paid-in capital	Capital reserve	Equity interests held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		11,844	41,375	(1,593)	159	2,190	14,453	68,428
Changes in equity for 2022:								
Profit and total comprehensive income for the year		—	—	—	—	—	7,863	7,863
Equity-settled share-based transactions	26	—	221	61	1,832	—	—	2,114
Appropriation to statutory reserve	28(d)(iii)	—	—	—	—	882	(882)	—
Balance at 31 December 2022		<u>11,844</u>	<u>41,596</u>	<u>(1,532)</u>	<u>1,991</u>	<u>3,072</u>	<u>21,434</u>	<u>78,405</u>

	Note	Paid-in capital	Capital reserve	Equity interests held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		11,844	41,596	(1,532)	1,991	3,072	21,434	78,405
Changes in equity for 2023:								
Profit and total comprehensive income for the year		—	—	—	—	—	92,618	92,618
Partial settlement of the redemption liability	24	(1,143)	1,143	—	—	—	—	—
Equity-settled share-based transactions	26	253	6,715	(1,868)	2,944	—	—	8,044
Appropriation to statutory reserve	28(d)(iii)	—	—	—	—	9,619	(9,619)	—
Dividends declared to equity shareholders	28(b)	—	—	—	—	—	(23,750)	(23,750)
Capital contribution from a shareholder		—	2,985	—	—	—	—	2,985
Balance at 31 December 2023		<u>10,954</u>	<u>52,439</u>	<u>(3,400)</u>	<u>4,935</u>	<u>12,691</u>	<u>80,683</u>	<u>158,302</u>

	Note	Paid-in capital	Share capital	Capital reserve	Share premium	Equity interests held for employee incentive scheme	Shares held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		10,954	–	52,439	–	(3,400)	–	4,935	12,691	80,683	158,302
Changes in equity for 2024:											
Profit and total comprehensive income for the year		–	–	–	–	–	–	–	–	60,833	60,833
Cancellation of the redemption liability	24	–	–	16,173	–	–	–	–	–	–	16,173
Equity-settled share-based transactions	26	–	–	441	5,435	122	(56)	(312)	–	–	5,630
Conversion to a joint stock limited liability company	28(c)	(10,954)	50,000	(69,053)	155,202	3,278	(3,278)	–	(12,691)	(112,504)	–
Appropriation to statutory reserve	28(d)(iii)	–	–	–	–	–	–	–	6,083	(6,083)	–
Dividends declared to equity shareholders	28(b)	–	–	–	–	–	–	–	–	(20,000)	(20,000)
Capital contribution from a shareholder		–	–	–	528	–	–	–	–	–	528
Balance at 31 December 2024		–	50,000	–	161,165	–	(3,334)	4,623	6,083	2,929	221,466
(unaudited)	Note	Paid-in capital	Share capital	Capital reserve	Share premium	Equity interests held for employee incentive scheme	Shares held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		10,954	–	52,439	–	(3,400)	–	4,935	12,691	80,683	158,302
Changes in equity for the eight months ended 31 August 2024:											
Profit and total comprehensive income for the period		–	–	–	–	–	–	–	–	69,067	69,067
Cancellation of the redemption liability	24	–	–	16,173	–	–	–	–	–	–	16,173
Equity-settled share-based transactions	26	–	–	441	362	122	68	2,913	–	–	3,906
Conversion to a joint stock limited liability company	28(c)	(10,954)	50,000	(69,053)	155,202	3,278	(3,278)	–	(12,691)	(112,504)	–
Dividends declared to equity shareholder	28(b)	–	–	–	–	–	–	–	–	(20,000)	(20,000)
Balance at 31 August 2024		–	50,000	–	155,564	–	(3,210)	7,848	–	17,246	227,448

	Note	Share capital	Share premium	Shares held for employee incentive scheme	Share-based payment reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025 . .		50,000	161,165	(3,334)	4,623	6,083	2,929	221,466
Changes in equity for the eight months ended 31 August 2025:								
Profit and total comprehensive income for the period		—	—	—	—	—	67,388	67,388
Equity-settled share-based transactions	26	—	—	—	3,041	—	—	3,041
Balance at 31 August 2025 . .		50,000	161,165	(3,334)	7,664	6,083	70,317	291,895

(b) Dividends

During the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025, the Company declared dividends of nil, RMB23,750,000, RMB20,000,000, RMB20,000,000 (unaudited) and nil, respectively to its equity shareholders.

(c) Paid-in capital and share capital

	Note	No. of ordinary shares issued and fully paid	Paid-in capital	Share capital
		'000	RMB'000	RMB'000
At 1 January 2022, 31 December 2022 and 1 January 2023		—	11,844	—
Capital injection from equity shareholders under Employee Incentive Scheme 2023	26	—	253	—
Partial settlement of the redemption liability	24	—	(1,143)	—
At 31 December 2023 and 1 January 2024		—	10,954	—
Issue of ordinary shares upon conversion into a joint stock limited liability company	(i)	50,000	(10,954)	50,000
At 31 December 2024 and 31 August 2025		50,000	—	50,000

Note:

- (i) Pursuant to the shareholders' resolutions dated 26 August 2024 and the promoters' agreement dated 28 August 2024, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is 29 February 2024, including paid-in capital, capital reserve, statutory reserve and retained profits were converted into 50,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. Upon the completion of registration with the Pingtan Administration for Industry and Commerce on 29 August 2024, the Company was converted into a joint stock limited liability company under PRC Company Law.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Capital reserve and share premium

The capital reserve of the Group represents contribution from shareholders in excess of the registered paid-in capital of the Company before its conversion into a joint stock limited liability company in August 2024.

The share premium of the Group represents the difference between the nominal value of the ordinary shares of the Company and its net assets value as of the conversion base date upon the conversion into a joint stock limited liability company in August 2024.

(ii) Share-based payment reserve

The share-based payment reserve comprises the portion of difference between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2(p)(ii).

(iii) Statutory reserve

Pursuant to the Articles of Association of the Group's Chinese Mainland companies and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the Chinese Mainland until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Chinese Mainland companies provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iv) Exchange reserve

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

(e) Capital management

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

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

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions for which the Group considers to represent low credit risk.

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

Current trade receivables without a significant financing component

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2022, 2023 and 2024 and 31 August 2025, 4.00%, 4.58%, 4.62% and 0.08% of the total trade receivables was due from the Group's largest customer in each year/period during the Track Record Period respectively within the segment of mechanical massage POS operation support services under the Partner Mode, and 25.22%, 15.93%, 13.67% and 8.07% of the total trade receivables was due from the Group's five largest customers in each year/period during the Track Record Period respectively.

The Group measures loss allowances for current trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different type of customer, the loss allowance based on past due status is not distinguished among the Group's different customer types.

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

As at 31 December 2022			
Expected loss rate	Gross carrying amount	Loss allowance	
	RMB'000	RMB'000	
Current (not past due)	0.7%	1,224	9
Less than 3 months past due	9.1%	11	1
More than 3 months but less than 1 year past due	54.7%	2,261	1,236
Past due over 1 year	85.0%	534	454
		4,030	1,700

As at 31 December 2023			
Expected loss rate	Gross carrying amount	Loss allowance	
	RMB'000	RMB'000	
Current (not past due)	1.4%	910	13
Less than 3 months past due	12.5%	32	4
More than 3 months but less than 1 year past due	62.6%	1,002	627
Past due over 1 year	95.9%	1,140	1,094
		3,084	1,738

As at 31 December 2024			
Expected loss rate	Gross carrying amount	Loss allowance	
	RMB'000	RMB'000	
Current (not past due)	1.9%	937	18
Less than 3 months past due	18.2%	2	—*
More than 3 months but less than 1 year past due	84.1%	132	111
Past due over 1 year	99.9%	944	943
		2,015	1,072

As at 31 August 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	RMB'000
Current (not past due)	2.5%	4,056	102
Less than 3 months past due	23.9%	46	11
More than 3 months but less than 1 year past due	89.0%	246	219
Past due over 1 year	99.7%	654	652
		<u>5,002</u>	<u>984</u>

* This amount is less than RMB500.

Expected loss rates are based on actual loss experience over the past 36 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of current trade receivables during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 is as follows:

	Year ended 31 December			Eight months ended 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	617	1,700	1,738	1,072
Amounts written off	–	–	(684)	(678)
Impairment losses recognised	1,083	38	18	590
Balance at 31 December/31 August	<u>1,700</u>	<u>1,738</u>	<u>1,072</u>	<u>984</u>

Trade receivables with significant financing component

The Group generally requires trade receivables with significant financing component to be settled in equal in 36 months from the date of billing. Normally, the Group does not obtain collateral from customers. The Group has put in place continuous monitoring mechanism, with regular reporting of credit exposures to internal management of credit risk. The Group's credit risk management covers key operational phases, including credit approval and post-sales monitoring. Any adverse events that may significantly affect a customer's repayment ability are reported immediately, and actions are taken to mitigate the risks.

The Group measures loss allowance for non-current trade receivables as disclosed in note 2(h)(i).

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the receivables;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the receivables;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

As at 31 December 2022, 2023 and 2024, there were no trade receivables with a significant financing component. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables with a significant financing component as at 31 August 2025.

	As at 31 August 2025
	12-month ECL
	RMB'000
Gross carrying amount	3,556
Less: Loss allowance	(108)
Net carrying amount	3,448

Movements in the loss allowance account in respect of trade receivables with a significant financing component during the eight months ended 31 August 2025 is as follows:

	Eight months ended 31 August 2025
	12-month ECL
	RMB'000
Balance at 1 January	–
Impairment losses recognised	108
Balance at 31 August	108

Deposits and other receivables

Deposits and other receivables mainly represent rental deposits. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The following table provides information about the Group's exposure to credit risk and ECLs for deposits and other receivables:

	As at 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	RMB'000
Within 1 year	6.2%	28,510	1,757
Over 1 year but within 2 years	13.9%	5,120	713
Over 2 years but within 3 years	50.0%	1,175	587
Over 3 years	100.0%	6,332	6,332
		41,137	9,389

As at 31 December 2023			
Expected loss rate	Gross carrying amount		Loss allowance
	RMB'000		RMB'000
Within 1 year.	4.9%	47,700	2,338
Over 1 year but within 2 years	18.8%	2,162	406
Over 2 years but within 3 years	29.3%	4,428	1,299
Over 3 years	100.0%	3,954	3,954
		<u>58,244</u>	<u>7,997</u>

As at 31 December 2024			
Expected loss rate	Gross carrying amount		Loss allowance
	RMB'000		RMB'000
Within 1 year.	4.6%	54,521	2,504
Over 1 year but within 2 years	13.7%	6,093	832
Over 2 years but within 3 years	53.6%	2,368	1,269
Over 3 years	100.0%	5,197	5,197
		<u>68,179</u>	<u>9,802</u>

As at 31 August 2025			
Expected loss rate	Gross carrying amount		Loss allowance
	RMB'000		RMB'000
Within 1 year.	3.8%	61,950	2,373
Over 1 year but within 2 years	10.7%	6,366	683
Over 2 years but within 3 years	31.2%	2,098	655
Over 3 years	100.0%	6,448	6,448
		<u>76,862</u>	<u>10,159</u>

Movement in the loss allowance account in respect of deposits and other receivables during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 is as follows:

	Year ended 31 December			Eight months ended 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	8,182	9,389	7,997	9,802
Amounts written off	(202)	(3,070)	(765)	(190)
Impairment losses recognised	1,409	1,678	2,570	547
Balance at 31 December/31 August	<u>9,389</u>	<u>7,997</u>	<u>9,802</u>	<u>10,159</u>

(b) Liquidity risk

The treasury function of the Group is centrally managed by the Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), and the earliest date the Group can be required to pay:

As at 31 December 2022					
	Contractual undiscounted cash outflow				Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	18,710	—	—	18,710	18,271
Trade and other payables	69,752	—	—	69,752	69,752
Lease liabilities	5,101	3,037	4,206	12,344	11,478
Redemption liability	75,062	—	—	75,062	75,062
	168,625	3,037	4,206	175,868	174,563
As at 31 December 2023					
	Contractual undiscounted cash outflow				Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	44,060	7,775	6,576	58,411	56,122
Trade and other payables	152,184	—	—	152,184	152,184
Lease liabilities	8,971	5,069	2,980	17,020	16,154
Redemption liability	16,009	—	—	16,009	16,009
	221,224	12,844	9,556	243,624	240,469
As at 31 December 2024					
	Contractual undiscounted cash outflow				Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	44,646	10,069	1,694	56,409	54,873
Trade and other payables	161,871	—	—	161,871	161,871
Lease liabilities	6,337	2,408	586	9,331	9,002
	212,854	12,477	2,280	227,611	225,746

As at 31 August 2025

	Contractual undiscounted cash outflow				Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	55,338	—	—	55,338	54,532
Trade and other payables	143,911	—	—	143,911	143,911
Lease liabilities	4,014	1,685	148	5,847	5,685
	<u>203,263</u>	<u>1,685</u>	<u>148</u>	<u>205,096</u>	<u>204,128</u>

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, negotiable certificate of deposit, bank loans, redemption liability and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) **Interest rate risk profile**

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group at the end of each reporting period:

		As at 31 December			As at 31 August
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate instruments:					
Negotiable certificate of deposit	15	–	10,007	10,172	–
Lease liabilities	23	(11,478)	(16,154)	(9,002)	(5,685)
Bank loans	22	(9,963)	(42,425)	(37,464)	(39,524)
		(21,441)	(48,572)	(36,294)	(45,209)
Variable rate instruments:					
Bank loans	22	(8,308)	(13,697)	(17,409)	(15,008)
Cash at bank and on hand	18(a)	38,580	36,624	17,471	45,019
Cash balances with payment platforms	18(a)	4,631	2,267	2,213	1,675
		34,903	25,194	2,275	31,686

(ii) **Sensitivity analysis**

At 31 December 2022, 2023 and 2024 and 31 August 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB302,000, RMB221,000, RMB20,000 and RMB236,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised (pro-rata as required) impact on interest expense or income of such a change in interest rates. The sensitivity analyses are performed on the same basis during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025.

(d) Currency risk

The Group mainly operates in Chinese Mainland and most of the Group's monetary assets and liabilities are denominated in RMB. The management considers the Group's exposure to currency risk is insignificant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

	Fair value at 31 December	Fair value measurements as at 31 December 2022 categorised into		
	2022	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				

Assets:

Wealth management products .	20,519	–	20,519	–
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	Fair value at 31 December	Fair value measurements as at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurements

Assets:

Wealth management products .	15,751	–	15,751	–
Negotiable certificate of deposit	10,007	–	10,007	–

	Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
<i>Asset:</i>				
Negotiable certificate of deposit	10,172	–	10,172	–
	Fair value at 31 August	Fair value measurements as at 31 August 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
<i>Asset:</i>				
Wealth management products .	60,097	–	60,097	–

During the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

Valuation method used for wealth management products and negotiate certificate of deposit

The fair value of wealth management products and negotiate certificate of deposit in level 2 is determined by using the DCF models. Future cash flows are estimated based on contractual terms of the wealth management products and negotiate certificate of deposit and discounted at a rate that reflects the credit risk of counterparties.

(ii) *Fair value of financial assets and liabilities carried at amortised cost*

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 31 August 2025.

30 COMMITMENTS

Commitments outstanding at 31 December 2022, 2023 and 2024 and 31 August 2025 not provided for in the Historical Financial Information were as follows:

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment . . .	3,854	12,532	26,810	13,491
Contracted for short-term leases . . .	7,823	10,262	6,112	10,414
	11,677	22,794	32,922	23,905

31 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2024 and 2025.

Name of related parties	Relationship
Fujian Rovos Fitness Co., Ltd. (福建榮耀健康科技股份有限公司)*	Entity controlled by a director of the Group
Mr. Xie Zhonghui (謝忠惠).	One of the Controlling Shareholders

* The English translation of the company's name is for reference only. The official name of this company is in Chinese.

(a) Key management personnel remuneration

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

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages, allowances and other benefits in kind	2,631	3,592	4,474	2,741	3,818
Retirement scheme contributions	21	25	50	32	48
Equity-settled share-based payment expenses	484	4,978	2,749	1,965	1,543
	<u>3,136</u>	<u>8,595</u>	<u>7,273</u>	<u>4,738</u>	<u>5,409</u>

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

(b) Other transactions with related parties

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Trade in nature:					
Purchase of equipment and spare parts					
– Entity controlled by a director of the Group	5,023	1,044	11,477	364	26,383
Purchase of research and development outsource service					
– Entity controlled by a director of the Group	–	–	198	–	1,509
Sales of spare parts of mechanical massage equipment					
– Entity controlled by a director of the Group	–	–	–	–	576

Balances with related parties

	As at 31 December			As at 31 August
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade in nature				
Trade and other payables				
– Entity controlled by a director of the Group	382	237	11,348	6,667
Trade and other receivables				
– Entity controlled by a director of the Group	–	–	–	466

- (d) As at 31 December 2022, 2023 and 2024 and 31 August 2025, the bank loans guaranteed by one of the controlling shareholders and his affiliated individual were RMB15,250,000, RMB56,122,000, RMB54,873,000 and nil respectively (note 22(a)).

32 ULTIMATE CONTROLLING PARTY

The directors of the Company considered the ultimate controlling party of the Company as at 31 December 2022, 2023 and 2024 and 31 August 2025 was Mr.Xie Zhonghui.

33 POSSIBLE IMPACT OF NEW OR AMENDMENTS STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2025

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2025 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

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

IFRS 18, *Presentation and disclosure in financial statements*

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

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

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



The Group is in the process of making an assessment of what the impact of other developments is expected to be in the period of initial application. So far it has concluded that, except for IFRS 18 as mentioned above, the adoption of these developments is unlikely to have a significant impact on the consolidate financial statements of the Group.

34 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 9 October 2025, the Company declared dividends of RMB25,000,000 to its equity shareholders, and payment of such dividend had been made in November 2025.

SUBSEQUENT FINANCIAL STATEMENTS

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