



ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI ABLE DIGITAL SCIENCE&TECH CO., LTD. AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Able Digital Science&Tech Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-73, which comprises the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of comprehensive income or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 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-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2025, (the “**Prospectus**”) in connection with the initial listing of H 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the consolidated financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, 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 International 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 Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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 35 to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Track Record Period.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers". The signature is stylized and cursive, with the letters flowing together.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

28 November 2025

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") (the "Underlying Financial Statements").

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

APPENDIX I**ACCOUNTANT'S REPORT****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS**

	<i>Note</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Revenue	5	400,111	652,964	848,198	240,982	275,421
Cost of sales	8	<u>(223,566)</u>	<u>(256,621)</u>	<u>(323,040)</u>	<u>(130,003)</u>	<u>(146,223)</u>
Gross profit		176,545	396,343	525,158	110,979	129,198
Distribution and selling expenses	8	(128,934)	(167,702)	(215,721)	(104,378)	(114,953)
General and administrative expenses	8	(39,400)	(44,393)	(68,622)	(38,193)	(40,499)
Research and development expenses	8	(98,136)	(101,075)	(126,923)	(54,194)	(81,300)
Net impairment losses on financial assets	11	(6,244)	(7,955)	(14,024)	(25,856)	(20,751)
Other income	6	13,322	10,795	8,619	2,544	1,410
Other gains – net	7	<u>3,460</u>	<u>1,080</u>	<u>241</u>	<u>527</u>	<u>239</u>
Operating (loss)/profit		<u>(79,387)</u>	<u>87,093</u>	<u>108,728</u>	<u>(108,571)</u>	<u>(126,656)</u>
Finance income	10	1,274	871	635	431	150
Finance costs	10	<u>(960)</u>	<u>(1,330)</u>	<u>(2,765)</u>	<u>(814)</u>	<u>(1,313)</u>
Finance income/(costs) – net		<u>314</u>	<u>(459)</u>	<u>(2,130)</u>	<u>(383)</u>	<u>(1,163)</u>
(Loss)/profit before income tax		(79,073)	86,634	106,598	(108,954)	(127,819)
Income tax credit/(expense)	12	<u>19,963</u>	<u>(5,213)</u>	<u>(1,527)</u>	<u>20,099</u>	<u>28,863</u>
(Loss)/profit and total comprehensive (loss)/income, attributable to owners of the Company		<u>(59,110)</u>	<u>81,421</u>	<u>105,071</u>	<u>(88,855)</u>	<u>(98,956)</u>
(Loss)/earnings per share attributable to the owners of the Company (in RMB)						
Basic and diluted (loss)/earnings per share	13	<u>(0.99)</u>	<u>1.36</u>	<u>1.75</u>	<u>(1.48)</u>	<u>(1.65)</u>

APPENDIX I**ACCOUNTANT'S REPORT****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	21,035	16,943	15,024	11,723
Right-of-use assets	16	18,849	26,599	24,632	17,827
Deferred income tax assets	17	35,924	30,711	29,185	60,169
Retention money receivables	19	5,795	9,569	7,612	6,686
		<u>81,603</u>	<u>83,822</u>	<u>76,453</u>	<u>96,405</u>
Current assets					
Inventories	18	9,569	15,145	27,873	44,327
Trade receivables and retention money receivables	19	134,958	205,065	337,916	411,387
Other receivables and prepayments	20	57,701	57,097	67,345	68,597
Financial assets at fair value through profit or loss	21	70,142	120,014	48,028	–
Restricted cash	22	5,218	5,556	4,721	6,400
Cash and cash equivalents	22	206,270	141,742	230,172	53,051
		<u>483,858</u>	<u>544,619</u>	<u>716,055</u>	<u>583,762</u>
Total assets		<u><u>565,461</u></u>	<u><u>628,441</u></u>	<u><u>792,508</u></u>	<u><u>680,167</u></u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	60,000	60,000	60,000	60,000
Reserves	24	201,887	216,569	231,346	232,438
Retained earnings		<u>40,937</u>	<u>113,977</u>	<u>207,523</u>	<u>108,567</u>
Total equity		<u><u>302,824</u></u>	<u><u>390,546</u></u>	<u><u>498,869</u></u>	<u><u>401,005</u></u>

APPENDIX I**ACCOUNTANT'S REPORT**

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	10,294	11,598	8,157	5,598
Deferred income	28	66	—	—	—
		<u>10,360</u>	<u>11,598</u>	<u>8,157</u>	<u>5,598</u>
Current liabilities					
Trade payables	29	36,806	25,180	11,084	6,922
Other payables and accruals	30	76,122	62,116	87,126	82,033
Borrowings	27	—	—	56,240	102,677
Lease liabilities	16	8,398	14,503	17,593	12,700
Contract liabilities	5	130,951	124,498	113,439	69,232
		<u>252,277</u>	<u>226,297</u>	<u>285,482</u>	<u>273,564</u>
Net current assets		<u>231,581</u>	<u>318,322</u>	<u>430,573</u>	<u>310,198</u>
Total liabilities		<u>262,637</u>	<u>237,895</u>	<u>293,639</u>	<u>279,162</u>
Total equity and liabilities		<u>565,461</u>	<u>628,441</u>	<u>792,508</u>	<u>680,167</u>

APPENDIX I**ACCOUNTANT'S REPORT****THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	21,035	16,943	15,024	11,723
Right-of-use assets	16	18,849	26,599	24,632	17,827
Investments in subsidiaries	14	500	500	500	500
Deferred income tax assets	17	34,185	28,093	23,925	44,007
Retention money receivables	19	5,601	9,104	5,062	3,784
		<u>80,170</u>	<u>81,239</u>	<u>69,143</u>	<u>77,841</u>
Current assets					
Inventories	18	9,569	15,145	27,873	44,327
Trade receivables and retention money receivables	19	147,585	184,532	285,433	439,402
Other receivables and prepayments	20	56,632	46,944	66,663	75,662
Financial assets at fair value through profit or loss	21	70,142	120,014	48,028	–
Restricted cash	22	5,218	2,903	2,244	4,734
Cash and cash equivalents	22	194,352	111,151	203,383	23,502
		<u>483,498</u>	<u>480,689</u>	<u>633,624</u>	<u>587,627</u>
Total assets		<u><u>563,668</u></u>	<u><u>561,928</u></u>	<u><u>702,767</u></u>	<u><u>665,468</u></u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	60,000	60,000	60,000	60,000
Reserves	24	201,887	216,569	231,346	232,438
Retained earnings		<u>45,539</u>	<u>120,966</u>	<u>224,696</u>	<u>161,807</u>
Total equity		<u><u>307,426</u></u>	<u><u>397,535</u></u>	<u><u>516,042</u></u>	<u><u>454,245</u></u>

APPENDIX I**ACCOUNTANT'S REPORT**

		As at 31 December			As at 30 June
		2022	2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	10,294	11,598	8,157	5,598
Deferred income	28	66	—	—	—
		<u>10,360</u>	<u>11,598</u>	<u>8,157</u>	<u>5,598</u>
Current liabilities					
Trade payables	29	36,773	25,147	10,804	6,827
Other payables and accruals	30	75,242	56,427	62,538	61,337
Borrowings	27	—	—	56,240	102,677
Lease liabilities	16	8,398	14,503	17,593	12,700
Contract liabilities	5	125,469	56,718	31,393	22,084
		<u>245,882</u>	<u>152,795</u>	<u>178,568</u>	<u>205,625</u>
Net current assets		<u>237,616</u>	<u>327,894</u>	<u>455,056</u>	<u>382,002</u>
Total liabilities		<u>256,242</u>	<u>164,393</u>	<u>186,725</u>	<u>211,223</u>
Total equity and liabilities		<u>563,668</u>	<u>561,928</u>	<u>702,767</u>	<u>665,468</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	Reserves	Retained earnings	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2022	60,000	198,156	100,047	358,203
Comprehensive loss				
Loss for the year	—	—	(59,110)	(59,110)
Transactions with owners in their capacity as owner:				
Share-based payment	—	3,731	—	3,731
Balance at 31 December 2022	<u>60,000</u>	<u>201,887</u>	<u>40,937</u>	<u>302,824</u>
Balance at 1 January 2023	60,000	201,887	40,937	302,824
Comprehensive income				
Profit for the year	—	—	81,421	81,421
Transactions with owners in their capacity as owner:				
Share-based payment	—	6,301	—	6,301
Appropriation to statutory reserve	—	8,381	(8,381)	—
Balance at 31 December 2023	<u>60,000</u>	<u>216,569</u>	<u>113,977</u>	<u>390,546</u>

APPENDIX I**ACCOUNTANT'S REPORT**

	Attributable to owners of the Company			
	Share capital	Reserves	Retained earnings	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2024	<u>60,000</u>	<u>216,569</u>	<u>113,977</u>	<u>390,546</u>
Comprehensive income				
Profit for the year	<u>–</u>	<u>–</u>	<u>105,071</u>	<u>105,071</u>
Transactions with owners in their capacity as owner:				
Share-based payment	<u>–</u>	<u>3,252</u>	<u>–</u>	<u>3,252</u>
Appropriation to statutory reserve	<u>–</u>	<u>11,525</u>	<u>(11,525)</u>	<u>–</u>
Balance at 31 December 2024	<u>60,000</u>	<u>231,346</u>	<u>207,523</u>	<u>498,869</u>
Balance at 1 January 2025	<u>60,000</u>	<u>231,346</u>	<u>207,523</u>	<u>498,869</u>
Comprehensive income				
Loss for the period	<u>–</u>	<u>–</u>	<u>(98,956)</u>	<u>(98,956)</u>
Transactions with owners in their capacity as owner:				
Share-based payment	<u>–</u>	<u>1,092</u>	<u>–</u>	<u>1,092</u>
Balance at 30 June 2025	<u>60,000</u>	<u>232,438</u>	<u>108,567</u>	<u>401,005</u>
<i>(Unaudited)</i>				
Balance at 1 January 2024	<u>60,000</u>	<u>216,569</u>	<u>113,977</u>	<u>390,546</u>
Comprehensive income				
Loss for the period	<u>–</u>	<u>–</u>	<u>(88,855)</u>	<u>(88,855)</u>
Transactions with owners in their capacity as owner:				
Share-based payment	<u>–</u>	<u>2,703</u>	<u>–</u>	<u>2,703</u>
Balance at 30 June 2024	<u>60,000</u>	<u>219,272</u>	<u>25,122</u>	<u>304,394</u>

APPENDIX I**ACCOUNTANT'S REPORT****CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash (used in)/generated from operations	31(a)	(49,409)	10,043	(10,161)	(206,723)	(256,042)
Interest received from cash at banks	10	1,274	871	635	431	150
Income tax paid		—	—	—	—	(2,122)
Net cash (used in)/generated from operating activities		<u>(48,135)</u>	<u>10,914</u>	<u>(9,526)</u>	<u>(206,292)</u>	<u>(258,014)</u>
Cash flows from investing activities						
Purchase of property, plant and equipment		(11,704)	(9,154)	(9,744)	(5,901)	(1,655)
Purchase of financial assets at fair value through profit or loss	3.3(c)	(560,000)	(415,000)	(68,000)	(20,000)	(150,000)
Proceeds from disposals of financial assets at fair value through profit or loss	3.3(c)	743,535	366,347	140,561	140,561	198,449
Net cash generated from/(used in) investing activities		<u>171,831</u>	<u>(57,807)</u>	<u>62,817</u>	<u>114,660</u>	<u>46,794</u>
Cash flows from financing activities						
Proceeds from borrowings	31(b)	—	—	99,980	27,900	91,622
Repayments of borrowings	31(b)	—	—	(43,980)	—	(45,005)
Principal payments of lease liabilities	31(b)	(13,898)	(16,305)	(17,484)	(8,013)	(10,095)
Interests paid for lease liabilities	31(b)	(960)	(1,330)	(1,246)	(700)	(472)
Interest paid for borrowings	31(b)	—	—	(1,279)	(92)	(1,021)
Payment of listing expenses		—	—	(852)	(307)	(930)
Net cash (used in)/generated from financing activities		<u>(14,858)</u>	<u>(17,635)</u>	<u>35,139</u>	<u>18,788</u>	<u>34,099</u>
Net increase/(decrease) in cash and cash equivalents		<u>108,838</u>	<u>(64,528)</u>	<u>88,430</u>	<u>(72,844)</u>	<u>(177,121)</u>
Cash and cash equivalents at the beginning of the year/period		<u>97,432</u>	<u>206,270</u>	<u>141,742</u>	<u>141,742</u>	<u>230,172</u>
Cash and cash equivalents at the end of the year/period	22	<u>206,270</u>	<u>141,742</u>	<u>230,172</u>	<u>68,898</u>	<u>53,051</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

Shanghai Able Digital Science&Tech Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 7 April 2008 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is Room 901–904 Building 1, No. 1188 North Qinzhou Road, Xuhui District, Shanghai, PRC.

The Company and its subsidiaries (together, “the Group”) are principally engaged in the provision of services and products relating to: (i) digital educational content services and products; and (ii) digital teaching and learning environment services and products in the PRC.

Mr. Wang Hui and his wife, Ms. Ge Xin, are the ultimate controlling shareholders of the Company as at the date of this report.

2. BASIS OF PREPARATION**(i) Compliance with IFRS**

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

(ii) Accounting policies

The accounting policies applied in the preparation of the financial information has been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this historical financial information, a summary of the other accounting policies information has been set out in Note 38 to this historical financial information.

(iii) Historical cost convention

The Historical Financial Information have been prepared on a historical cost basis, except for the certain financial assets that are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(iv) New standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

- (v) **New and amended standards, improvements, interpretations and accounting guideline which are not yet effective and have not been early adopted by the Group**

New and amended standards, amendments and interpretations have been issued but are not effective for the Track Record Period and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective except as described below.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge certain risk exposures during the Track Record Period.

(a) *Market risk*

(i) *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Company and its primary subsidiaries were incorporated in the PRC and considered RMB as their functional currency.

The Group has no exposure to foreign exchange risk.

(ii) *Cash flow and fair value interest rate risk*

Except for cash and cash equivalents and restricted cash, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 27. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the Track Record Period.

As at 31 December 2022 and 30 June 2025, if our interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, loss before income tax for the year or period then ended would have been nil and RMB104,475 higher/lower respectively. As at 31 December 2023 and 2024, if our interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, profit before income tax for the year then ended would have been nil and RMB280,000 lower/higher respectively.

(iii) *Price risk*

The Group has no exposure to equity securities price risk.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, restricted cash, trade receivables, retention money receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

To manage this risk, cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss ("FVPL") are mainly placed with state-owned or reputable financial institutions in Mainland China which are all high-credit-quality financial institutions.

To manage risk arising from trade receivables and retention money receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade receivables and retention money receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents and restricted cash;
- trade receivables and retention money receivables; and
- other receivables.

(i) Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(ii) Trade receivables and retention money receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and retention money receivables. To measure the expected credit losses, trade receivables and retention money receivables have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales over a period of each Track Record Period and probability of default of counter parties on an ongoing basis throughout each Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2022, 2023 and 2024 and 30 June 2025 was determined as follows for trade receivables and retention money receivables:

The Group

	Within 6 months	6 months – 1 year	1 – 2 years	2 – 3 years	Above 3 years	Total
As at 31 December 2022	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.94%	4.16%	12.97%	46.80%	94.33%	
Gross amount	85,659	28,041	30,160	6,553	2,591	153,004
Loss allowance	(1,663)	(1,166)	(3,911)	(3,067)	(2,444)	(12,251)

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As at 31 December 2023	Within	6 months	1 – 2 years	2 – 3 years	Above	Total
	6 months	– 1 year			3 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	2.40%	5.46%	14.71%	41.53%	92.11%	
Gross amount	149,174	34,084	35,136	10,964	5,536	234,894
Loss allowance	(3,580)	(1,860)	(5,168)	(4,553)	(5,099)	(20,260)
As at 31 December 2024	Within	6 months	1 – 2 years	2 – 3 years	Above	Total
	6 months	– 1 year			3 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.35%	4.39%	14.51%	45.29%	88.14%	
Gross amount	242,118	43,073	61,619	20,820	12,010	379,640
Loss allowance	(3,264)	(1,889)	(8,943)	(9,430)	(10,586)	(34,112)
As at 30 June 2025	Within	6 months	1 – 2 years	2 – 3 years	Above	Total
	6 months	– 1 year			3 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.63%	5.28%	18.19%	46.84%	91.31%	
Gross amount	179,291	174,581	72,769	28,713	17,713	473,067
Loss allowance	(2,918)	(9,218)	(13,236)	(13,448)	(16,174)	(54,994)

The loss allowances for trade receivables and retention money receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

	Trade receivables and retention money receivables				
	Year ended 31 December			Six months ended	
	2022	2023	2024	30 June	
	RMB'000	RMB'000	RMB'000	2024	2025
				RMB'000	RMB'000
				(Unaudited)	
Opening loss allowance as at 1 January		(6,162)	(12,251)	(20,260)	(34,112)
Impairment losses recognized – net (Note 11)		(6,089)	(8,009)	(13,852)	(20,882)
Closing loss allowance as at 31 December/30 June		(12,251)	(20,260)	(34,112)	(54,994)

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The Company

	Within 6 months	6 months – 1 year	1 – 2 years	2 – 3 years	Above 3 years	Total
As at 31 December 2022	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1.66%	4.19%	13.08%	46.80%	94.33%	
Gross amount	99,397	27,585	29,192	6,553	2,591	165,318
Loss allowance	(1,648)	(1,155)	(3,818)	(3,067)	(2,444)	(12,132)
As at 31 December 2023	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	2.26%	5.58%	14.88%	43.04%	92.11%	
Gross amount	130,405	32,787	34,068	10,156	5,536	212,952
Loss allowance	(2,947)	(1,831)	(5,068)	(4,371)	(5,099)	(19,316)
As at 31 December 2024	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.28%	4.39%	14.84%	45.28%	88.09%	
Gross amount	212,273	20,292	54,881	20,604	11,815	319,865
Loss allowance	(596)	(890)	(8,146)	(9,330)	(10,408)	(29,370)
As at 30 June 2025	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.14%	5.28%	19.39%	46.81%	91.93%	
Gross amount	355,310	33,436	49,791	28,601	16,788	483,926
Loss allowance	(498)	(1,765)	(9,656)	(13,388)	(15,433)	(40,740)

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The loss allowances for trade receivables and retention money receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

	Trade receivables and retention money receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Opening loss allowance as at 1 January	(6,095)	(12,132)	(19,316)	(19,316)	(29,370)
Impairment losses recognized – net	(6,037)	(7,184)	(10,054)	(17,810)	(11,370)
Closing loss allowance as at 31 December/30 June	<u>(12,132)</u>	<u>(19,316)</u>	<u>(29,370)</u>	<u>(37,126)</u>	<u>(40,740)</u>

Trade receivables and retention money receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Impairment losses on trade receivables and retention money receivables are presented as net impairment losses on financial assets within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Other receivables

Other receivables mainly include deposits, advance to staff and others. All of the Group's financial assets at amortized cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition as described in Note 38.7.

Other receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on other receivables are presented as net impairment losses on financial assets within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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The loss allowances for other receivables as at the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 reconcile to the opening loss allowances as follows:

The Group

	Other receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening loss allowance as at 1 January	(1,437)	(1,592)	(1,538)	(1,538)	(1,710)
Impairment (losses)/reversal recognized					
– net (Note 11)	(155)	54	(172)	(369)	131
Closing loss allowance as at					
31 December/30 June	(1,592)	(1,538)	(1,710)	(1,907)	(1,579)

The Company

	Other receivables				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening loss allowance as at 1 January	(1,433)	(1,587)	(1,352)	(1,352)	(1,110)
Impairment (losses)/reversal recognized					
– net	(154)	235	242	(195)	13
Closing loss allowance as at					
31 December/30 June	(1,587)	(1,352)	(1,110)	(1,547)	(1,097)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

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Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2022				
Trade payables (Note 29)	36,806	–	–	36,806
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (Note 30)	76	–	–	76
Lease liabilities	9,011	7,388	3,256	19,655
Total	45,893	7,388	3,256	56,537
Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2023				
Trade payables (Note 29)	25,180	–	–	25,180
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (Note 30)	76	–	–	76
Lease liabilities	15,303	11,198	657	27,158
Total	40,559	11,198	657	52,414
Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2024				
Trade payables (Note 29)	11,084	–	–	11,084
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (Note 30)	2,170	–	–	2,170
Borrowings (Note 27)	57,721	–	–	57,721
Lease liabilities	18,270	6,753	2,478	27,501
Total	89,245	6,753	2,478	98,476

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Non-derivatives	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 30 June 2025				
Trade payables (Note 29)	6,922	–	–	6,922
Other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables) (Note 30)	14,324	–	–	14,324
Borrowings (Note 27)	103,538	–	–	103,538
Lease liabilities	13,090	4,624	1,252	18,966
Total	137,874	4,624	1,252	143,750

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratio of the Group as at 31 December 2022 and 2023 and 2024 and 30 June 2025 were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	262,637	237,895	293,639	279,162
Total assets	565,461	628,441	792,508	680,167
Gearing ratio	46.45%	37.85%	37.05%	41.04%

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the statements of financial position. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the Track Record Period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's assets that are measured at fair value as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Assets				
Financial assets at FVPL (Note 21)	–	–	70,142	70,142
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023				
Assets				
Financial assets at FVPL (Note 21)	–	–	120,014	120,014
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Assets				
Financial assets at FVPL (Note 21)	–	–	48,028	48,028
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2025				
Assets				
Financial assets at FVPL (Note 21)	–	–	–	–

(b) *Valuation process and technique used to determine fair value*

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow analysis, has been used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

The fair value of trade receivables and retention money receivables, other receivables, restricted cash and cash and cash equivalents approximated their carrying amounts.

The fair value of trade payables, other payables and accruals (excluding salaries and welfare payables and VAT and other taxes payables), borrowings and lease liabilities approximated their carrying amounts.

(c) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025:

	Financial assets at FVPL RMB'000
As at 1 January 2022	250,169
Acquisitions	560,000
Disposals	(743,535)
Fair value changes (Note 7)	3,508
As at 31 December 2022	70,142
As at 1 January 2023	70,142
Acquisitions	415,000
Disposals	(366,347)
Fair value changes (Note 7)	1,219
As at 31 December 2023	120,014
As at 1 January 2024	120,014
Acquisitions	68,000
Disposals	(140,561)
Fair value changes (Note 7)	575
As at 31 December 2024	48,028
As at 1 January 2025	48,028
Acquisitions	150,000
Disposals	(198,449)
Fair value changes (Note 7)	421
As at 30 June 2025	—

(d) There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

(e) *Valuation inputs and relationships to fair value*

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

As at 31 December 2022

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	70,142	Expected rate of return	1.30%-2.96%	The higher the expected rate of return, the higher the fair value

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As at 31 December 2023

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	120,014	Expected rate of return	1.30%-2.80%	The higher the expected rate of return, the higher the fair value

As at 31 December 2024

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	48,028	Expected rate of return	0.85%-2.05%	The higher the expected rate of return, the higher the fair value

As at 31 December 2022 and 2023 and 2024, if expected rate of return higher/lower by 1%, fair value of financial assets at FVPL would have been approximately RMB701,420, RMB1,200,140 and RMB480,280 higher/lower respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.

(b) Income taxes and deferred taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgments are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

(c) Recognition of share-based payment expenses

As disclosed in Note 25, certain restricted share units ("RSUs") were granted to the Group's employees. These transactions resulted in the recognition of share-based payment expenses. The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant, which were valued by the third-party independent valuer using discounted cash flow method ("DCF method"). Significant estimate on assumptions, such as revenue growth rate, after-tax discount rate and terminal growth rate, are made based on management's best estimates.

As the awards granted in equity-settled share-based payment plan are conditional on an Initial Public Offering ("IPO"), the Group has estimated the IPO's probability and IPO date when they calculated share-based payment expenses at each reporting period end. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group assessed it is probable that the vesting condition (i.e., IPO) will be achieved in the future.

5. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

During the Track Record Period, the Group is principally engaged in the provision of the following products and services: (i) digital educational content services and products; (ii) digital teaching and learning environment services and products in the PRC. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one business segment which is used to make strategic decisions.

Geographical information

The Group's principal market, majority of revenue, operating (loss)/profit and non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

(b) Revenue during the Track Record Period

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Digital educational content services and products	335,554	538,433	709,964	209,790	251,339
Digital teaching and learning environment services and products	63,471	113,916	137,620	30,870	24,026
Others	1,086	615	614	322	56
	<u>400,111</u>	<u>652,964</u>	<u>848,198</u>	<u>240,982</u>	<u>275,421</u>

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

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At a point in time	370,799	623,121	805,258	227,768	259,722
Over time	<u>29,312</u>	<u>29,843</u>	<u>42,940</u>	<u>13,214</u>	<u>15,699</u>
	<u>400,111</u>	<u>652,964</u>	<u>848,198</u>	<u>240,982</u>	<u>275,421</u>

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(c) Contract liabilities

The Group

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

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Current contract liabilities	130,951	124,498	113,439	69,232

Revenue recognized in relation to contract liabilities

The following table shows how much of the Group's revenue recognized during the Track Record Periods relates to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	79,653	120,573	103,092	72,524	66,349

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be provided. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue next year.

The Company

The Company recognized the following contract liabilities related to the contracts with customers:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Current contract liabilities	125,469	56,718	31,393	22,084

The following table shows how much of the Company's revenue recognized during the Track Record Periods relates to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period	78,299	115,694	40,411	23,866	9,865

(d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations of the Group as at 31 December 2022 and 2023 and 2024 and 30 June 2025:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of unsatisfied performance obligations	327,111	341,218	360,712	375,257

Management expects that 71.6%, 71.3%, 85.1% and 86.7% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 and 2023 and 2024 and 30 June 2025 will be recognized as revenue within one year. The remaining 28.4%, 28.7%, 14.9% and 13.3% will be recognized over one year.

The following table shows unsatisfied performance obligations of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of unsatisfied performance obligations	319,221	180,619	110,121	101,370

Management expects that 71.7%, 69.7%, 72.6% and 66.2% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 and 2023 and 2024 and 30 June 2025 will be recognized as revenue within one year. The remaining 28.3%, 30.3%, 27.4% and 33.8% will be recognized over one year.

(e) Information about major customers

During the Track Record Period, none of the customers contributed over 10% of the total revenue of the Group.

(f) Revenue recognition policy

Revenue is recognized when or as the control of the products or services is transferred to a customer. A customer is the party that contracts with the Group to purchase products or services which are the output of the Group's ordinary activities in exchange for consideration.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer, and it should be presented separately. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time. Warranty is provided to customers in conjunction with both (i) digital educational content services and products and (ii) digital teaching and learning environment services and products, which generally lasts no more than three years after the control of the services and products are transferred to the customers. Final portion of the contract price are recognised as retention money receivables, which would be paid after the warranty period expires.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed in the contract.

The accounting policies for the Group's principal revenue sources are as follows:

(i) *Digital educational content services and products*

The Group develops and produces course digitization services, knowledge graph construction and virtual simulation development services and products and generates revenue from sales of digital courses, knowledge graph products, virtual simulation products and other related products.

The revenue for sales of services and products mentioned above is recognized at a point in time when the control of the services and products mentioned above are transferred to the customer. Specifically, sales are recognized when the services and products have been transferred to the customers in accordance with the sales contract and the customers have inspected and accepted the services and products.

(ii) *Digital teaching and learning environment services and products*

The Group develops and produces learning environment services and products, including: (i) digital classroom environment services and products to assist higher education institutions with designing and building digital classrooms to offer more immersive and engaging learning experiences for their students; (ii) configurable, artificial intelligence ("AI") enabled, cloud-native and highly integrated Learning Management System ("LMS") for higher education institutions to assist them with managing and creating simpler and better connected teaching and learning processes.

- (i) The revenue is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.
- (ii) LMS services and products include standard LMS, allowing customers conveniently access to the system through both personal computers and mobile devices, and customized LMS with development of both management application system and teaching application system.

Revenue of standard LMS services and products is recognized ratably over the contract term. Revenue of customized LMS services and products is recognized at a point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the services and products have been transferred to the customer, generally upon the acceptance of the services and products.

6. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants	13,322	10,795	8,619	2,544	1,410

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, the government grants mainly include financial subsidies from local government authorities with certain specified conditions, as well as the amortization of deferred government grants. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

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7. OTHER GAINS – NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net fair value gains on financial assets at FVPL (Note 21)	3,508	1,219	575	547	421
Others	(48)	(139)	(334)	(20)	(182)
	<u>3,460</u>	<u>1,080</u>	<u>241</u>	<u>527</u>	<u>239</u>

8. Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Changes in inventories of work in progress	(2,219)	(6,740)	(11,131)	(9,586)	(10,688)
Purchased goods used	14,407	31,267	23,769	4,200	4,282
Employee benefit expenses (Note 9)	337,975	383,180	534,504	237,649	284,995
Depreciation and amortization (Note 15)(Note 16)	27,487	29,209	30,764	15,936	14,403
Travel expenses	11,856	23,736	31,095	15,080	15,966
Digital content editing fees	18,610	22,546	21,432	9,059	11,035
Marketing expenses	12,659	16,443	19,663	8,793	11,502
Network service fees	29,212	20,746	18,744	9,322	12,271
Office expenses	9,244	11,955	16,229	7,158	7,107
Hospitality business expenses	9,660	13,271	15,845	8,424	9,022
Listing expenses	–	–	14,364	13,507	12,438
Legal, consulting and other service fees	10,353	8,227	8,449	4,373	3,428
Short-term leases (Note 16(b))	1,364	2,544	1,870	1,031	2,077
Auditor's remuneration					
– Audit services	390	348	8	–	–
– Non-audit services	34	14	–	–	–
Others	<u>9,004</u>	<u>13,045</u>	<u>8,701</u>	<u>1,822</u>	<u>5,137</u>
	<u>490,036</u>	<u>569,791</u>	<u>734,306</u>	<u>326,768</u>	<u>382,975</u>

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9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	285,915	313,854	454,915	200,257	236,611
Pension obligations, housing funds, medical insurances and other social insurances (a)	43,348	55,080	66,583	29,264	40,965
Other employee benefits	4,981	7,945	9,754	5,425	6,327
Share-based payment expenses (Note 25)	3,731	6,301	3,252	2,703	1,092
	<u>337,975</u>	<u>383,180</u>	<u>534,504</u>	<u>237,649</u>	<u>284,995</u>

(a) Pension obligations, housing funds, medical insurances and other social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

No forfeited contributions were utilized during the Track Record Period to offset the Group's contribution to the abovementioned retirement benefit schemes.

(b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 include 2, 2, 1, 0, 1 director respectively. The aggregate amounts of emoluments for the remaining 3, 3, 4, 5, 4 highest paid individuals for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	3,241	2,927	6,914	3,587	2,290
Pension obligations, housing funds, medical insurances and other social insurances	272	388	388	162	213
Share-based payment expenses	3,000	3,275	1,805	1,701	592
	<u>6,513</u>	<u>6,590</u>	<u>9,107</u>	<u>5,450</u>	<u>3,095</u>

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The remaining highest paid individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
Emolument bands (in HK dollar)					
Nil – 500,000	–	–	–	–	–
500,001 – 1,000,000	–	–	–	4	3
1,000,001 – 1,500,000	1	1	–	–	1
1,500,001 – 2,000,000	1	1	1	1	–
2,000,001 – 2,500,000	–	–	1	–	–
2,500,001 – 3,000,000	–	–	1	–	–
3,000,001 – 3,500,000	–	–	1	–	–
4,000,001 – 4,500,000	1	1	–	–	–
	<u>3</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>4</u>

10. FINANCE INCOME/(COSTS) – NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Finance income					
Interest income from cash at banks	<u>1,274</u>	<u>871</u>	<u>635</u>	<u>431</u>	<u>150</u>
Finance costs					
Interest expenses on lease liabilities (Note 16)	(960)	(1,330)	(1,246)	(700)	(472)
Interest expenses on borrowings	<u>–</u>	<u>–</u>	<u>(1,519)</u>	<u>(114)</u>	<u>(841)</u>
Finance income/(costs) – net:	<u>314</u>	<u>(459)</u>	<u>(2,130)</u>	<u>(383)</u>	<u>(1,163)</u>

11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Impairment losses – net:					
– trade receivables and retention money receivables	(6,089)	(8,009)	(13,852)	(25,487)	(20,882)
– other receivables	<u>(155)</u>	<u>54</u>	<u>(172)</u>	<u>(369)</u>	<u>131</u>
	<u>(6,244)</u>	<u>(7,955)</u>	<u>(14,024)</u>	<u>(25,856)</u>	<u>(20,751)</u>

12. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax expense	—	—	1	—	2,121
Deferred income tax (credit)/expense (Note 17)	(19,963)	5,213	1,526	(20,099)	(30,984)
	(19,963)	5,213	1,527	(20,099)	(28,863)

Income tax on profits assessable has been calculated at the rates of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC corporate income tax ("PRC CIT")

The Company and its subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period, except for disclosed below.

The Company obtained its High and New Technology Enterprises ("HNTE") status in year 2019 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2019. In 2022, the Company succeeded the qualification for HNTE and is therefore subject to a preferential income tax rate of 15% for another three-year period commencing 2022. In addition, the Group's subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd. 上海智慧知到網絡科技有限公司 was qualified as HNTE in 2023. And in 2024 it was disqualified as a high-tech enterprise due to failure to meet the requirements. In 2024, the Group's subsidiary, Shanghai Ruixin Network Technology Co., Ltd. 上海卓越睿新網絡科技有限公司 was qualified as HNTE for a three-year period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in research and development ("R&D") activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). Starting from 1 October 2022, the additional deduction ratio increased to 100%.

The Group's subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd. was qualified as "Small Low-Profit Enterprise" (SLE) during the year ended 31 December 2022.

The Group's subsidiaries, Shanghai Ruixin Network Technology Co., Ltd. was qualified as "Small Low-Profit Enterprise" during the year ended 31 December 2022.

Shanghai Zhunshi Network Technology Co., Ltd. 上海醇實網絡科技有限公司 and Shanghai Wenjing Education Technology Co., Ltd. 上海文菁教育科技有限公司, were qualified as "Small Low-Profit Enterprise" during the year ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025. Xinjiang Zhihui Tongfu Technology Co., Ltd. 新疆智慧同富科技有限公司 and Shanghai Tingri Technology Co., Ltd. 上海霆日科技有限公司 was qualified as "Small Low-Profit Enterprise" during the year ended 31 December 2023, 2024 and the six months ended 30 June 2025. Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE company's annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

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The difference between the actual income tax expense charged to the consolidated statements of comprehensive income or loss and the amounts which would result from applying the enacted tax rates to profit before income tax can be reconciled as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/profit before income tax	(79,073)	86,634	106,598	(108,954)	(127,819)
Income tax (credit)/expenses calculated at applicable tax rates	(19,768)	21,659	26,650	(27,239)	(31,955)
Tax effects of preferential tax rate	7,908	(8,419)	(9,239)	11,886	11,056
Super deduction of research and development expenses	(11,701)	(13,162)	(17,097)	(7,618)	(10,323)
Expenses not deductible for tax purposes	3,598	5,025	5,212	2,608	1,424
Tax filing differences	-	-	(2,744)	-	884
Previously unrecognized tax losses and deductible temporary differences recognized as deferred tax assets	-	-	(1,411)	-	-
Others	-	110	156	264	51
	(19,963)	5,213	1,527	(20,099)	(28,863)

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic loss per share for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are calculated by dividing the (loss)/profit attributable to the Company's shareholders by the weighted average number of ordinary shares in issue during the year.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
(Loss)/profit attributable to owners of the Company (RMB'000)	(59,110)	81,421	105,071	(88,855)	(98,956)
Weighted average number of ordinary shares in issue	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted (loss)/earnings per share (expressed in RMB per share)	(0.99)	1.36	1.75	(1.48)	(1.65)

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14. SUBSIDIARIES

(a) Subsidiaries of the Company

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

				Effective interest held by the Group						
Name of entity	Date of incorporation	Place of incorporation/ operation	Registered share capital	As at 31 December			As at 30 June 2025	As at the date of this report	Principal activities	Note
				2022	2023	2024				
Directly held:										
Shanghai Zhihui Zhidao Network Technology Co., Ltd.	22 July 2020	Shanghai, China	RMB20,000,000	100%	100%	100%	100%	100%	Sales of products and services	(ii)
Shanghai Ruixin Network Technology Co., Ltd.	01 June 2021	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Shanghai Zhunshi Network Technology Co., Ltd.	03 June 2021	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Shanghai Wenjing Education Technology Co., Ltd.	28 October 2020	Shanghai, China	RMB5,000,000	100%	100%	100%	100%	100%	Sales of products and services	(iii)
Xinjiang Zhihui Tongfu Technology Co., Ltd. 新疆智慧同富科技有限公司	07 October 2023	Xinjiang, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Shanghai Tingri Technology Co., Ltd.	30 October 2023	Shanghai, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Zhihuishu Network (Shanghai) Digital Technology Co., Ltd. 智慧树(上海)数码科技有限公司	08 December 2022	Shanghai, China	RMB10,000,000	100%	100%	100%	100%	100%	Sales of products and services	(i)
Hangzhou Daosheng Technology Co., Ltd. 杭州道昇科技有限公司	09 October 2023	Zhejiang, China	RMB1,000,000	–	100%	N/A	N/A	N/A	Sales of products and services	(iv)
Shandong Xiangjun Technology Services Co., Ltd. 山东祥钧科技服务有限公司	27 September 2023	Shandong, China	RMB3,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Sichuan Xaxiang Technology Co., Ltd. 四川葭序科技有限公司	26 September 2023	Sichuan, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Yunnan Weiye Yihang technology Co., Ltd. 云南维业瑶行科技有限公司	19 September 2023	Yunnan, China	RMB1,000,000	–	100%	100%	100%	100%	Sales of products and services	(i)
Gansu Century Huaxin Information Technology Co., Ltd. 甘肃世纪华鑫信息科技有限公司	18 October 2023	Gansu, China	RMB1,000,000	–	100%	100%	N/A	N/A	Sales of products and services	(v)

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- (i) No audit of statutory financial statements was performed for these subsidiaries as they are either newly incorporated and or not required to issue audited financial statements under local statutory requirements of their respective places of incorporation.
- (ii) The financial statements of this subsidiary were audited by Rongcheng Certified Public Accountants LLP 容誠會計師事務所(特殊普通合夥) for the years ended 31 December 2022, and by Hangzhou Deqing Certified Public Accountants LLP 杭州德慶會計師事務所 for the years ended 31 December 2023 and 2024.
- (iii) The financial statements of these subsidiaries for the year ended 31 December 2023 and 2024 were audited by Hangzhou Deqing Certified Public Accountants LLP, certified public accountants registered in the PRC.
- (iv) This subsidiary was deregistered on November 18, 2024.
- (v) This subsidiary was deregistered on April 18, 2025.

(b) Investments in subsidiaries – the Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	500	500	500	500

15. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Vehicles	Electronic equipment and others	Construction in progress (“CIP”)	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022					
Cost	643	33,394	208	25,384	59,629
Accumulated depreciation	(643)	(20,880)	–	(15,119)	(36,642)
Net book amount	–	12,514	208	10,265	22,987
Year ended 31 December 2022					
Opening net book amount	–	12,514	208	10,265	22,987
Additions	–	7,799	3,905	–	11,704
Transfers	–	–	(2,970)	2,970	–
Depreciation charge (Note 8)	–	(7,516)	–	(6,140)	(13,656)
Closing net book amount	–	12,797	1,143	7,095	21,035
As at 31 December 2022					
Cost	643	41,193	1,143	28,354	71,333
Accumulated depreciation	(643)	(28,396)	–	(21,259)	(50,298)
Net book amount	–	12,797	1,143	7,095	21,035

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	Vehicles <i>RMB'000</i>	Electronic equipment and others <i>RMB'000</i>	Construction in progress ("CIP") <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Opening net book amount	–	12,797	1,143	7,095	21,035
Additions	–	5,704	2,971	479	9,154
Transfers	–	–	(3,599)	3,599	–
Depreciation charge (<i>Note 8</i>)	–	(7,742)	–	(5,504)	(13,246)
Closing net book amount	–	10,759	515	5,669	16,943
As at 31 December 2023					
Cost	643	46,891	515	32,432	80,481
Accumulated depreciation	(643)	(36,132)	–	(26,763)	(63,538)
Net book amount	–	10,759	515	5,669	16,943
Year ended 31 December 2024					
Opening net book amount	–	10,759	515	5,669	16,943
Additions	999	6,175	2,570	–	9,744
Transfers	–	–	(2,864)	2,864	–
Depreciation charge (<i>Note 8</i>)	(278)	(7,424)	–	(3,961)	(11,663)
Closing net book amount	721	9,510	221	4,572	15,024
As at 31 December 2024					
Cost	999	52,988	221	35,296	89,504
Accumulated depreciation	(278)	(43,478)	–	(30,724)	(74,480)
Net book amount	721	9,510	221	4,572	15,024
Six months ended 30 June 2025					
Opening net book amount	721	9,510	221	4,572	15,024
Additions	–	1,031	624	–	1,655
Transfers	–	–	(627)	627	–
Depreciation charge (<i>Note 8</i>)	(166)	(3,116)	–	(1,674)	(4,956)
Closing net book amount	555	7,425	218	3,525	11,723
As at 30 June 2025					
Cost	999	54,019	218	35,923	91,159
Accumulated depreciation	(444)	(46,594)	–	(32,398)	(79,436)
Net book amount	555	7,425	218	3,525	11,723

APPENDIX I**ACCOUNTANT'S REPORT****(a) Depreciation expenses**

Depreciation expenses have been charged to the consolidated statements of comprehensive income or loss as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Cost of sales	9,057	6,847	3,427	2,968	1,646
Distribution and selling expenses	3,368	5,118	6,274	1,898	2,498
General and administrative expenses	738	715	1,248	783	333
Research and development expenses	493	566	714	336	479
	<u>13,656</u>	<u>13,246</u>	<u>11,663</u>	<u>5,985</u>	<u>4,956</u>

(b) Depreciation methods and useful lives

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Vehicles	5 years
Electronic equipment and others	3 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized within "other gains – net" included in the consolidated statements of comprehensive income or loss.

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16. LEASES

The Group and the Company

(a) Amounts recognized in the consolidated statements of financial position of the Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Buildings and warehouses	18,849	26,599	24,632	17,827
Lease liabilities				
Current lease liabilities	(8,398)	(14,503)	(17,593)	(12,700)
Non-current lease liabilities	(10,294)	(11,598)	(8,157)	(5,598)
	(18,692)	(26,101)	(25,750)	(18,298)

Additions to the right-of-use assets during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 were approximately RMB4,674,000, RMB23,714,000, RMB17,133,000 and RMB2,643,000 respectively.

(b) Amounts recognized in the consolidated statements of comprehensive income or loss

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Depreciation charge of right-of-use assets					
– Cost of sales	5,405	4,755	6,449	3,400	2,016
– Distribution and selling expenses	2,006	3,176	4,467	2,431	2,666
– General and administrative expenses	6,420	8,032	8,185	4,120	4,765
	13,831	15,963	19,101	9,951	9,447
Interest expense (Note 10)	960	1,330	1,246	700	472
Expense relating to short-term leases (included in cost of sales, sales and marketing expenses, general and administrative expenses, research and development expenses) (Note 8)	1,364	2,544	1,870	1,031	2,077
	16,155	19,837	22,217	11,682	11,996

The total cash outflows for leases payments for the years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2024 and 2025 were approximately RMB16,222,000, RMB20,179,000, RMB20,600,000, RMB9,744,000 and RMB12,644,000 respectively.

(c) *The Group's leasing activities and how they are accounted for*

The Group leases various buildings and warehouses. Rental contracts are typically made for fixed periods of one year to four years but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of building are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

See Note 38.18 for the other accounting policies relevant to leases.

(d) *Extension and termination options*

Extension and termination options are included in a number of leases of buildings across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

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17. DEFERRED INCOME TAX

The Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total deferred income tax assets (a)	38,751	34,701	32,880	62,843
Net-off with deferred income tax liabilities (b)	(2,827)	(3,990)	(3,695)	(2,674)
Net deferred income tax assets	35,924	30,711	29,185	60,169

The movement in net deferred income tax is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net deferred income tax assets:					
As at 1 January	15,961	35,924	30,711	30,711	29,185
Credited/(charged) to income tax (Note 12)	19,963	(5,213)	(1,526)	20,099	30,984
As at 31 December/30 June	35,924	30,711	29,185	50,810	60,169

The analysis of deferred income tax assets is as follows:

(a) Deferred income tax assets

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Tax losses	33,861	27,516	23,674	50,672
Lease liabilities	2,804	3,915	3,863	2,745
Loss allowance for financial assets	2,076	3,270	5,343	9,426
Others	10	—	—	—
Total deferred income tax assets	38,751	34,701	32,880	62,843

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ACCOUNTANT'S REPORT

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Deductible tax losses RMB'000	Loss allowance for financial assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	14,786	1,140	4,187	49	20,162
Credited/(charged) to profit or loss	<u>19,075</u>	<u>936</u>	<u>(1,383)</u>	<u>(39)</u>	<u>18,589</u>
As at 31 December 2022 and 1 January 2023	33,861	2,076	2,804	10	38,751
(Charged)/credited to profit or loss	<u>(6,345)</u>	<u>1,194</u>	<u>1,111</u>	<u>(10)</u>	<u>(4,050)</u>
As at 31 December 2023 and 1 January 2024	27,516	3,270	3,915	–	34,701
(Charged)/credited to profit or loss	<u>(3,842)</u>	<u>2,073</u>	<u>(52)</u>	<u>–</u>	<u>(1,821)</u>
As at 31 December 2024 and 1 January 2025	23,674	5,343	3,863	–	32,880
Credited/(charged) to profit or loss	<u>26,998</u>	<u>4,083</u>	<u>(1,118)</u>	<u>–</u>	<u>29,963</u>
As at 30 June 2025	<u>50,672</u>	<u>9,426</u>	<u>2,745</u>	<u>–</u>	<u>62,843</u>

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable. Deferred income tax assets have not been recognized in respect of the following items:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Tax losses	<u>3</u>	<u>3,929</u>	<u>6,298</u>	<u>8,377</u>

Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
2027	3	–	–	–
2028	–	3,929	55	55
2029	–	–	6,243	5,694
2030	<u>3</u>	<u>3,929</u>	<u>6,298</u>	<u>2,628</u>
	<u>3</u>	<u>3,929</u>	<u>6,298</u>	<u>8,377</u>

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(b) *Deferred income tax liabilities*

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Right-of-use assets	(2,827)	(3,990)	(3,695)	(2,674)
Net-off with deferred income tax assets	2,827	3,990	3,695	2,674
Net deferred income tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The movement in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Right-of-use assets RMB'000
As at 1 January 2022	(4,201)
Credited to profit or loss	<u>1,374</u>
As at 31 December 2022 and 1 January 2023	(2,827)
Charged to profit or loss	<u>(1,163)</u>
As at 31 December 2023 and 1 January 2024	(3,990)
Credited to profit or loss	<u>295</u>
As at 31 December 2024 and 1 January 2025	(3,695)
Credited to profit or loss	<u>1,021</u>
As at 30 June 2025	<u>(2,674)</u>

The Company

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total deferred income tax assets (a)	37,012	32,083	27,620	46,681
Net-off with deferred income tax liabilities (b)	<u>(2,827)</u>	<u>(3,990)</u>	<u>(3,695)</u>	<u>(2,674)</u>
Net deferred income tax assets	<u>34,185</u>	<u>28,093</u>	<u>23,925</u>	<u>44,007</u>

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ACCOUNTANT'S REPORT

The analysis of deferred income tax assets is as follows:

(a) *Deferred income tax assets*

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
Tax losses	32,140	25,068	19,185	37,660
Lease liabilities	2,804	3,915	3,863	2,745
Loss allowance for financial assets	2,058	3,100	4,572	6,276
Others	10	–	–	–
Total deferred income tax assets	37,012	32,083	27,620	46,681

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Deductible tax losses RMB'000	Loss allowance for financial assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	14,427	1,129	4,187	49	19,792
Credited/(Charged) to profit or loss	17,713	929	(1,383)	(39)	17,220
As at 31 December 2022 and 1 January 2023	32,140	2,058	2,804	10	37,012
(Charged)/Credited to profit or loss	(7,072)	1,042	1,111	(10)	(4,929)
As at 31 December 2023 and 1 January 2024	25,068	3,100	3,915	–	32,083
(Charged)/Credited to profit or loss	(5,883)	1,472	(52)	–	(4,463)
As at 31 December 2024 and 1 January 2025	19,185	4,572	3,863	–	27,620
Credited/(Charged) to profit or loss	18,475	1,704	(1,118)	–	19,061
As at 30 June 2025	37,660	6,276	2,745	–	46,681

(b) *Deferred income tax liabilities*

The deferred income tax liabilities of the Company are the same as those of the Group.

APPENDIX I**ACCOUNTANT'S REPORT****18. INVENTORIES****The Group and the Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Purchased goods	2,777	1,613	3,210	8,976
Work in progress	6,792	13,532	24,663	35,351
	9,569	15,145	27,873	44,327
Less: allowance for impairment of inventories	—	—	—	—
	9,569	15,145	27,873	44,327

Purchased goods primarily consist of products that are ready for sale or in transit to fulfill customer orders.

Work-in-progress primarily consist of labor cost incurred mainly for the production of educational content digitalization product.

Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount, and is recorded in cost of sales in the consolidated statements of comprehensive income or loss. No provision for inventories is recognized for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 respectively.

The cost of inventories recognized as cost of sales for the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 amounted to RMB52,370,000, RMB89,162,000, RMB103,922,000, RMB26,217,000 and RMB30,108,000 respectively.

19. TRADE RECEIVABLES AND RETENTION MONEY RECEIVABLES**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	146,586	224,075	371,076	464,868
Retention money receivables	6,418	10,819	8,564	8,199
	153,004	234,894	379,640	473,067
Less: provision for impairment	(12,251)	(20,260)	(34,112)	(54,994)
	140,753	214,634	345,528	418,073

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As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aging analysis of the trade receivables and retention money receivables based on date of revenue recognition is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	85,659	149,174	242,118	179,291
6 months – 1 year	28,041	34,084	43,073	174,581
1 – 2 years	30,160	35,136	61,619	72,769
2 – 3 years	6,553	10,964	20,820	28,713
Above 3 years	2,591	5,536	12,010	17,713
Total	153,004	234,894	379,640	473,067

Trade receivables and retention money receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 1 year and therefore classified as current except for non-current retention money which are due for settlement after one year. Trade receivables and retention money receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables and retention money receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

The Group applies the simplified approach under IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the assets. Information about the impairment of trade receivables and retention money receivables and the Group's exposure to credit risk is described in Note 3.1.

The Group's trade receivables and retention money receivables are denominated in RMB and their carrying amounts approximated their fair values as at the balance sheet dates.

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's trade receivables and retention money receivables were mainly denominated in RMB and the carrying amounts of trade receivables and retention money receivables approximated their fair values.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	159,111	202,618	313,918	478,841
Retention money receivables	6,207	10,334	5,947	5,085
	165,318	212,952	319,865	483,926
Less: provision for impairment	(12,132)	(19,316)	(29,370)	(40,740)
	153,186	193,636	290,495	443,186

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As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aging analysis of the trade receivables and retention money receivables based on date of revenue recognition is as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	99,397	130,405	212,273	355,310
6 months – 1 year	27,585	32,787	20,292	33,436
1 – 2 years	29,192	34,068	54,881	49,791
2 – 3 years	6,553	10,156	20,604	28,601
Above 3 years	2,591	5,536	11,815	16,788
Total	165,318	212,952	319,865	483,926

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's trade receivables and retention money receivables were mainly denominated in RMB and the carrying amounts of trade receivables and retention money receivables approximated their fair values.

20. OTHER RECEIVABLES AND PREPAYMENTS**The Group**

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Deposits	49,956	46,800	51,815	49,786
– Advance to staff	6,649	7,336	9,650	8,684
– Others	929	876	708	963
	57,534	55,012	62,173	59,433
Less: allowance for credit losses	(1,592)	(1,538)	(1,710)	(1,579)
	55,942	53,474	60,463	57,854
Prepayment				
– Prepaid expenses	1,159	959	5,973	4,076
– Value added tax recoverable	–	–	–	4,882
– Prepaid listing expenses	–	–	909	1,785
Others	600	2,664	–	–
Total other current assets	57,701	57,097	67,345	68,597

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's other receivables and prepayments were mainly denominated in RMB and the carrying amounts of other receivables and prepayments approximated their fair values.

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Deposits	49,210	37,951	35,364	28,160
– Loans to subsidiaries	320	822	15,286	33,679
– Advance to staff	6,649	7,307	9,561	8,516
– Others	919	1,409	707	960
	<u>57,098</u>	<u>47,489</u>	<u>60,918</u>	<u>71,315</u>
Less: allowance for credit losses	<u>(1,587)</u>	<u>(1,352)</u>	<u>(1,110)</u>	<u>(1,097)</u>
	55,511	46,137	59,808	70,218
Prepayments				
– Prepaid expenses	1,121	807	5,946	3,659
– Prepaid listing expenses	–	–	909	1,785
	<u>–</u>	<u>–</u>	<u>909</u>	<u>1,785</u>
Total	<u>56,632</u>	<u>46,944</u>	<u>66,663</u>	<u>75,662</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's other receivables and prepayments were mainly denominated in RMB and the carrying amounts of other receivables and prepayments approximated their fair values.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

(a) Classification of financial assets at FVPL

The Group classifies the following as financial assets at FVPL:

- *debt investments that do not qualify for measurement at either amortized cost or fair value through other comprehensive income (FVOCI).*

The Group's financial assets measured at FVPL include the following:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in wealth management products issued by banks	70,142	120,014	48,028	–
	<u>70,142</u>	<u>120,014</u>	<u>48,028</u>	<u>–</u>

The principal and return of the wealth management products is not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products issued by banks are measured at FVPL.

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value of these financial assets at FVPL are set out in Note 3.3.

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(b) Amounts recognized in profit or loss

During the year, the following net fair value gains were recognized in the consolidated statements of comprehensive income or loss:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net fair value gains on financial assets at FVPL recognized in other gains – net (Note 7)					
– realized	3,339	1,205	560	547	421
– unrealized	169	14	15	–	–
	<u>3,508</u>	<u>1,219</u>	<u>575</u>	<u>547</u>	<u>421</u>

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash (a)	5,218	5,556	4,721	6,400
Cash at bank and in hand	<u>206,270</u>	<u>141,742</u>	<u>230,172</u>	<u>53,051</u>
	<u>211,488</u>	<u>147,298</u>	<u>234,893</u>	<u>59,451</u>

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash mainly was deposits at bank for letters of guarantee.

(b) Cash and cash equivalents and restricted cash are denominated in RMB.

The Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash (a)	5,218	2,903	2,244	4,734
Cash at bank and in hand	<u>194,352</u>	<u>111,151</u>	<u>203,383</u>	<u>23,502</u>
	<u>199,570</u>	<u>114,054</u>	<u>205,627</u>	<u>28,236</u>

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash mainly was deposits at bank for letters of guarantee.

(b) Cash and cash equivalents and restricted cash are denominated in RMB.

APPENDIX I**ACCOUNTANT'S REPORT****23. SHARE CAPITAL****The Group and the Company**

A summary of movements in the Company's issued and fully paid share capital is as follows:

	Number of shares	Share capital RMB'000
As at 1 January 2022 till 31 December 2022, 2023 and 2024 and 30 June 2025	60,000,000	60,000

In December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 60,000,000 ordinary shares at RMB1 each. The excess of the amount of net assets over the nominal value of the ordinary shares issued was credited to the Company's capital reserve.

24. RESERVES

The following table shows a breakdown of reserves and their movements during the respective years. A description of the nature and purpose of each reserve is provided below the table.

The Group and the Company

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2022	180,932	6,012	11,212	198,156
Share-based payment (Note 25)	–	3,731	–	3,731
As at 31 December 2022	180,932	9,743	11,212	201,887

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2023	180,932	9,743	11,212	201,887
Share-based payment (Note 25)	–	6,301	–	6,301
Appropriation to statutory reserves	–	–	8,381	8,381
As at 31 December 2023	180,932	16,044	19,593	216,569

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	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2024	180,932	16,044	19,593	216,569
Share-based payment (Note 25)	–	3,252	–	3,252
Appropriation to statutory reserves	–	–	11,525	11,525
As at 31 December 2024	180,932	19,296	31,118	231,346

	Reserves			
	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
As at 1 January 2025	180,932	19,296	31,118	231,346
Share-based payment (Note 25)	–	1,092	–	1,092
As at 30 June 2025	180,932	20,388	31,118	232,438

25. SHARE-BASED PAYMENT

Shanghai Xuru Enterprise Management Consulting Partnership L.P. 上海許如企業管理諮詢合夥企業(有限合夥) (“Shanghai Xuru”), Shanghai Baxuan Enterprise Management Consulting Partnership L.P. 上海灞軒企業管理諮詢合夥企業(有限合夥) (“Shanghai Baxuan”), Shanghai Womiao Enterprise Management Consulting Partnership L.P. 上海囑淼企業管理諮詢合夥企業(有限合夥) (“Shanghai Womiao”), Shanghai Shuhuai Enterprise Management Consulting Partnership L.P. 上海黍懷企業管理諮詢合夥企業(有限合夥) (“Shanghai Shuhuai”), Shanghai Suishang Enterprise Management Consulting Partnership L.P. 上海遂商企業管理諮詢合夥企業(有限合夥) (“Shanghai Suishang”), and Peixian Yingcui Enterprise Management Consulting Partnership L.P. 沛縣穎萃企業管理合夥企業(有限合夥) (“Peixian Yingcui”) were incorporated in the PRC under the Partnership Enterprise Law of the PRC as vehicles to hold the ordinary shares for the Company’s employees under the share award (“restricted shares”) schemes of the Company.

From 2016 to 2020, 583,407 RSUs were granted to certain directors, managements and employees (“Grantees”) at a consideration of RMB5.24 to RMB96.60 per unit capital under the share award schemes as rewards for their services, full time devotion and professional expertise to the Group.

In December 2020, upon the conversion of the Company into a joint stock limited company, the 583,407 RSUs granted were increased to become 1,725,762 RSUs.

From 1 January 2022 to 30 June 2025, 396,362 RSUs were granted to the Grantees at a consideration of RMB15.19 to RMB32.66 per share as rewards for their services, full time devotion and professional expertise to the Group.

All the RSUs granted are vested upon IPO. If an employee ceased to be employed by the Group within this period, the awarded shares would be forfeited, and purchased back by Ms. Wang Xin (王欣) at the price of the consideration paid by the respective grantee plus interest thereon as set out in the contract.

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(a) Share award schemes

Set out below are the movement in the number of awarded RSUs under the share award schemes:

	Number of restricted shares	Weighted average grant date fair value RMB
As at 1 January 2022	1,725,762	10.04
Granted	175,491	16.55
Forfeited	(175,491)	0.39
As at 31 December 2022	<u>1,725,762</u>	<u>11.68</u>
As at 1 January 2023	1,725,762	11.68
Granted	164,541	22.62
Forfeited	(164,541)	2.08
As at 31 December 2023	<u>1,725,762</u>	<u>13.64</u>
As at 1 January 2024	1,725,762	13.64
Granted	41,126	14.72
Forfeited	(41,126)	4.03
As at 31 December 2024	<u>1,725,762</u>	<u>13.80</u>
As at 1 January 2025	1,725,762	13.80
Granted	15,204	17.05
Forfeited	(15,204)	1.68
As at 30 June 2025	<u>1,725,762</u>	<u>13.58</u>

(b) Fair value of shares granted

The fair value of RSUs at the grant dates was determined by reference to the fair value of the underlying ordinary shares on the dates of grant, which were valued by the third-party independent valuer using discounted cash flow ("DCF") method. The DCF method involves applying appropriate discount rate, to discount the future cash flow forecast to present value. Key assumptions are set as below:

	Year ended 31 December		Six months ended 30 June		
	2022	2023	2024	2024	2025
				(Unaudited)	
Fair value of underlying ordinary shares (RMB per share)	36.33	42.83	43.50	42.83	43.50
Revenue growth rate	24.88%	18.37%	12.83%	18.37%	12.83%
After-tax discount rate	11.40%	11.20%	10.90%	11.20%	10.90%
Terminal growth rate	2.00%	2.00%	2.00%	2.00%	2.00%

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(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the Track Record Period as part of employee benefit expense were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share-based payment expenses	3,731	6,301	3,252	2,703	1,092

26. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Financial assets at amortized cost:					
– Trade receivables and retention money receivables	19	140,753	214,634	345,528	418,073
– Other receivables	20	55,942	53,474	60,463	57,854
– Cash and cash equivalents	22	206,270	141,742	230,172	53,051
– Restricted cash	22	5,218	5,556	4,721	6,400
Financial assets at FVPL	21	70,142	120,014	48,028	–
		478,325	535,420	688,912	535,378
Financial liabilities					
Financial liabilities at amortized cost:					
– Trade payables	29	36,806	25,180	11,084	6,922
– Other payables and accruals (excluding salary and welfare payables, and VAT and tax payables)	30	76	76	2,170	14,324
– Borrowings	27	–	–	56,240	102,677
– Lease liabilities	16	18,692	26,101	25,750	18,298
		55,574	51,357	95,244	142,221

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The Company

	<i>Note</i>	As at 31 December		As at 30 June	
		2022	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets					
Financial assets at amortized cost:					
– Trade receivables and retention money receivables	19	153,186	193,636	290,495	443,186
– Other receivables	20	55,511	46,137	59,808	70,218
– Cash and cash equivalents	22	194,352	111,151	203,383	23,502
– Restricted cash	22	5,218	2,903	2,244	4,734
Financial assets at FVPL	21	70,142	120,014	48,028	–
		<u>478,409</u>	<u>473,841</u>	<u>603,958</u>	<u>541,640</u>
Financial liabilities					
Financial liabilities at amortized cost					
– Trade payables	29	36,773	25,147	10,804	6,827
– Other payables and accruals (excluding salary and welfare payables, tax payables and other non-financial liabilities)	30	76	76	2,169	14,322
– Borrowings	27	–	–	56,240	102,677
– Lease liabilities	16	18,692	26,101	25,750	18,298
		<u>55,541</u>	<u>51,324</u>	<u>94,963</u>	<u>142,124</u>

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at end of the Track Record Period is the carrying amount of each class of financial assets mentioned above.

27. BORROWINGS

The Group and the Company

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current				
– Short-term bank borrowings, guaranteed (a)	–	–	56,240	102,677
	<u>–</u>	<u>–</u>	<u>56,240</u>	<u>102,677</u>

- (a) For the year ended 31 December 2024 and the six months ended 30 June 2025, the Group's bank borrowings were denominated in RMB with an weighted average effective interest rates of 2.96% and 2.51% per annum. As at 31 December 2024 and 30 June 2025, the Group's borrowings were guaranteed by the Group's subsidiary, Shanghai Zhihui Zhidao Network Technology Co., Ltd.

APPENDIX I**ACCOUNTANT'S REPORT****28. DEFERRED INCOME****The Group and the Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	66	—	—	—

The Group received government grants for subsidizing the Group's purchase of property, plant and equipment. The government grants were recorded as deferred income and credited to profit or loss on a straight-line basis over the useful life of the related property, plant and equipment.

29. TRADE PAYABLES**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– payables for purchase of inventories and services	36,806	25,180	11,084	6,922

- (a) The carrying amounts of trade payables of the Group were denominated in RMB and approximated their fair values due to their short-term maturity in nature.
- (b) The aging analysis of the trade payables based on purchase date at the end of each Track Record Period is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	28,371	21,763	8,978	4,150
Over 1 year	8,435	3,417	2,106	2,772
	36,806	25,180	11,084	6,922

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– payables for goods and services	36,773	25,147	10,804	6,827

- (a) The carrying amounts of trade payables of the Company were denominated in RMB and approximated their fair values due to their short-term maturity in nature.

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- (b) The aging analysis of the trade payables based on purchase date at the end of each Track Record Period is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	28,338	21,730	8,978	4,145
Over 1 year	8,435	3,417	1,826	2,682
	<u>36,773</u>	<u>25,147</u>	<u>10,804</u>	<u>6,827</u>

30. OTHER PAYABLES AND ACCRUALS**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and welfare payables	57,474	33,556	49,532	41,695
VAT and other taxes payables	18,572	28,484	35,424	26,014
Payable for listing expenses	–	–	1,693	13,840
Other	76	76	477	484
	<u>76,122</u>	<u>62,116</u>	<u>87,126</u>	<u>82,033</u>

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and welfare payables	56,944	31,851	39,995	29,244
VAT and other taxes payables	18,222	24,500	20,374	17,771
Payable for listing expenses	–	–	1,693	13,840
Other	76	76	476	482
	<u>75,242</u>	<u>56,427</u>	<u>62,538</u>	<u>61,337</u>

As of 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

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31. CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/profit before income tax	(79,073)	86,634	106,598	(108,954)	(127,819)
Adjustments for:					
Depreciation of property, plant and equipment (Note 15)	13,656	13,246	11,663	5,985	4,956
Depreciation of right-of-use assets (Note 16)	13,831	15,963	19,101	9,951	9,447
Impairment losses on financial assets (Note 11)	6,244	7,955	14,024	25,856	20,751
Finance (income)/costs (Note 10)	(314)	459	2,130	383	1,163
Share-based payment (Note 25)	3,731	6,301	3,252	2,703	1,092
Fair value change of financial assets and liabilities at fair value through loss (Note 7)	(3,508)	(1,219)	(575)	(547)	(421)
Decrease in deferred income	(263)	(66)	–	–	–
	(45,696)	129,273	156,193	(64,623)	(90,831)
Increase in trade receivables and retention money receivables	(17,292)	(81,890)	(144,746)	(79,829)	(93,427)
(Increase)/decrease in other receivables and prepayments	(10,796)	658	(9,570)	1,971	(189)
Increase in inventories	(2,640)	(5,576)	(12,728)	(15,647)	(16,454)
(Increase)/decrease in restricted cash	(3,404)	(338)	835	2,030	(1,679)
Increase/(decrease) in contract liabilities	38,611	(6,453)	(11,059)	(41,320)	(44,207)
(Decrease)/increase in trade and other payables	(8,192)	(25,631)	10,914	(9,305)	(9,255)
Cash (used in)/generated from operations	(49,409)	10,043	(10,161)	(206,723)	(256,042)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	206,270	141,742	230,172	53,051
Restricted cash	5,218	5,556	4,721	6,400
Financial assets at fair value through profit or loss	70,142	120,014	48,028	–
Borrowings	–	–	(56,240)	(102,677)
Lease liabilities	(18,692)	(26,101)	(25,750)	(18,298)
Net cash/(debt)	262,938	241,211	200,931	(61,524)
Cash and financial assets at fair value through profit or loss	281,630	267,312	282,921	59,451
Gross debt – fixed interest rates	(18,692)	(26,101)	(81,990)	(120,975)
Net cash/(debt)	262,938	241,211	200,931	(61,524)

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	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2022	–	27,916	27,916
Cash flows	–	(14,858)	(14,858)
New leases entered	–	4,674	4,674
Interest expenses (Note 10)	–	960	960
As at 31 December 2022	–	18,692	18,692
As at 1 January 2023	–	18,692	18,692
Cash flows	–	(17,635)	(17,635)
New leases entered	–	23,714	23,714
Interest expenses (Note 10)	–	1,330	1,330
As at 31 December 2023	–	26,101	26,101
As at 1 January 2024	–	26,101	26,101
Cash flows	54,721	(18,730)	35,991
New leases entered	–	17,133	17,133
Interest expenses (Note 10)	1,519	1,246	2,765
As at 31 December 2024	56,240	25,750	81,990
As at 1 January 2025	56,240	25,750	81,990
Cash flows	45,596	(10,567)	35,029
New leases entered	–	2,643	2,643
Interest expenses (Note 10)	841	472	1,313
As at 30 June 2025	102,677	18,298	120,975
(Unaudited)			
As at 1 January 2024	–	26,101	26,101
Cash flows	27,808	(8,713)	19,095
New leases entered	–	16,577	16,577
Interest expenses (Note 10)	114	700	814
As at 30 June 2024	27,922	34,665	62,587

(c) Major non-cash transactions

Major non-cash investing and financing activities were additions to right-of-use assets in respect of buildings and warehouses as disclosed Note 16.

32. CAPITAL COMMITMENTS

No significant capital expenditure contracted for at the end of the Track Record Period but not recognized as liabilities.

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or significant influence.

Members of key management and their close family members of the Group are also considered as related parties.

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

(a) Names and relationships with related parties

The Group has no transactions or balances with the companies that are related parties of the Group during the Track Record Period.

(b) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Wages, salaries and bonuses	4,257	4,417	6,373	2,380	2,459
Pension obligations, housing funds, medical insurances and other social insurances	664	685	696	471	357
Share-based payment expenses	3,113	3,198	1,853	1,661	519
	<u>8,034</u>	<u>8,300</u>	<u>8,922</u>	<u>4,512</u>	<u>3,335</u>

The wages and welfare disclosed above include RMB692,000 (six months ended 30 June 2024: RMB501,000, 2024: RMB541,000, 2023: RMB514,000, 2022:RMB347,000) to the key management personnel which were unpaid as at six months ended 30 June 2025 and are included in other payables (Note 30). The share-based payments provided to key management personnel are restricted shares (Note 25).

34. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors' emoluments

The remuneration paid or payable to the directors and supervisors of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to becoming the directors of the Company) during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 was as follows.

Year ended 31 December 2022							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	834	–	71	62	–	–	967
Name of directors							
Mr. Xi Puzhao	502	–	71	62	21	–	656
Ms. Wang Xin	634	–	71	62	180	–	947
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie	250	–	–	–	–	–	250
Ms. Cao Zhoutao	250	–	–	–	–	–	250
Mr. Wang Fanghua	250	–	–	–	–	–	250
	2,720	–	213	186	201	–	3,320
Name of supervisors:							
Mr. Wang Jian	517	–	71	62	83	–	733
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	517	–	71	62	83	–	733

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Year ended 31 December 2023

Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	1,048	–	72	65	–	–	1,185
Name of directors							
Mr. Xi Puzhao	499	–	72	65	21	–	657
Ms. Wang Xin	604	–	72	65	160	–	901
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Liu Jie	250	–	–	–	–	–	250
Ms. Cao Zhoutao	250	–	–	–	–	–	250
Mr. Wang Fanghua	250	–	–	–	–	–	250
	<u>2,901</u>	<u>–</u>	<u>216</u>	<u>195</u>	<u>181</u>	<u>–</u>	<u>3,493</u>
Name of supervisors:							
Mr. Wang Jian	517	–	72	65	188	–	842
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>517</u>	<u>–</u>	<u>72</u>	<u>65</u>	<u>188</u>	<u>–</u>	<u>842</u>

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Year ended 31 December 2024							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	2,209	-	72	68	-	-	2,349
Name of directors							
Mr. Xi Puzhao	614	-	72	68	22	-	776
Ms. Wang Xin	729	-	72	68	49	-	918
Ms. Wang Ying	-	-	-	-	-	-	-
Mr. Jin Xingshen	-	-	-	-	-	-	-
Ms. Ge Xin	-	-	-	-	-	-	-
Name of independent non-executive directors							
Mr. Liu Jie (i)	-	-	-	-	-	-	-
Ms. Cao Zhoutao (i)	-	-	-	-	-	-	-
Mr. Wang Fanghua (i)	-	-	-	-	-	-	-
Mr. Ma Xufei (i)	278	-	-	-	-	-	278
Mr. Liu Ningrong (i)	278	-	-	-	-	-	278
Mr. Yau Ka Chi (i)	278	-	-	-	-	-	278
	<u>4,386</u>	<u>-</u>	<u>216</u>	<u>204</u>	<u>71</u>	<u>-</u>	<u>4,877</u>
Name of supervisors:							
Mr. Wang Jian	632	-	70	66	206	-	974
Mr. Li Quansheng	-	-	-	-	-	-	-
Mr. Han Yuze	-	-	-	-	-	-	-
	<u>632</u>	<u>-</u>	<u>70</u>	<u>66</u>	<u>206</u>	<u>-</u>	<u>974</u>

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Six months ended 30 June 2025							
Name	Wages, salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Social insurances <i>RMB'000</i>	Pension obligations- defined contribution plans <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Other employee benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Name of chairman:							
Mr. Wang Hui	600	–	37	35	–	–	672
Name of executive directors							
Mr. Xi Puzhao	278	–	37	35	3	–	353
Ms. Wang Xin	332	–	37	35	27	–	431
Ms. Wang Ying	–	–	–	–	–	–	–
Mr. Jin Xingshen	–	–	–	–	–	–	–
Ms. Ge Xin	–	–	–	–	–	–	–
Name of independent non-executive directors							
Mr. Ma Xufei	140	–	–	–	–	–	140
Mr. Liu Ningrong	140	–	–	–	–	–	140
Mr. Yau Ka Chi	140	–	–	–	–	–	140
	<u>1,630</u>	<u>–</u>	<u>111</u>	<u>105</u>	<u>30</u>	<u>–</u>	<u>1,876</u>
Name of supervisors:							
Mr. Wang Jian	289	–	35	34	30	–	388
Mr. Li Quansheng	–	–	–	–	–	–	–
Mr. Han Yuze	–	–	–	–	–	–	–
	<u>289</u>	<u>–</u>	<u>35</u>	<u>34</u>	<u>30</u>	<u>–</u>	<u>388</u>

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(Unaudited)

Six months ended 30 June 2024

Name	Wages, salaries RMB'000	Bonuses RMB'000	Social insurances RMB'000	Pension obligations- defined contribution plans RMB'000	Share-based payment expenses RMB'000	Other employee benefits RMB'000	Total RMB'000
Name of chairman:							
Mr. Wang Hui	600	-	68	33	-	-	701
Name of executive directors							
Mr. Xi Puzhao	269	-	68	33	21	-	391
Ms. Wang Xin	322	-	68	33	40	-	463
Ms. Wang Ying	-	-	-	-	-	-	-
Mr. Jin Xingshen	-	-	-	-	-	-	-
Ms. Ge Xin	-	-	-	-	-	-	-
Name of independent non-executive directors							
Mr. Liu Jie (ii)	-	-	-	-	-	-	-
Ms. Cao Zhoutao (ii)	-	-	-	-	-	-	-
Mr. Wang Fanghua (ii)	-	-	-	-	-	-	-
Mr. Ma Xufei (i)	139	-	-	-	-	-	139
Mr. Liu Ningrong (i)	139	-	-	-	-	-	139
Mr. Yau Ka Chi (i)	139	-	-	-	-	-	139
	<u>1,608</u>	<u>-</u>	<u>204</u>	<u>99</u>	<u>61</u>	<u>-</u>	<u>1,972</u>
Name of supervisors:							
Mr. Wang Jian	279	-	68	33	189	-	569
Mr. Li Quansheng	-	-	-	-	-	-	-
Mr. Han Yuze	-	-	-	-	-	-	-
	<u>279</u>	<u>-</u>	<u>68</u>	<u>33</u>	<u>189</u>	<u>-</u>	<u>569</u>

(i) Appointed on 26 April 2024

(ii) Retired on 26 April 2024

(b) Directors' and supervisors' retirement benefits

There were no retirement benefits paid to or receivable by any Directors/Supervisors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(c) Directors' and supervisors' termination benefits

There were no termination benefits paid to or receivable by any Directors/Supervisors during the Track Record Period.

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

No payment was made to the former employer of Directors/Supervisors for making available the services of them as a Director of the Company during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors and supervisors

There were no loans, quasi-loans and other dealings entered into between the Group and the directors/supervisors and in favour of the directors/supervisors during the Track Record Period.

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

There are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

35. DIVIDENDS

No dividend has been paid or declared by the Company during each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

36. CONTINGENCIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, there were no significant contingencies for the Group and the Company.

37. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to 30 June 2025 and up to the date of this report.

38. SUMMARY OF OTHER POTENTIAL MATERIAL ACCOUNTING POLICIES

38.1 Principles of consolidation and equity accounting

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

(a) Subsidiaries

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

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

38.2 Separate financial statements

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

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

38.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company and its primary subsidiaries are incorporated in the PRC and consider RMB as their functional currency. The Group determined to present its Historical Financial Information in RMB.

38.4 Property, plant and equipment

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

Construction in progress represents unfinished construction and equipment under construction or pending for installation and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

38.5 Research and development ("R&D")

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

38.6 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable by considering whether any of the following impairment indicators were present: (i) greater than expected declines in asset values as a result of the passage of time or normal use; (ii) significant adverse changes in the technological, market, economic or legal environment impacting the entity or the market to which the asset is dedicated; (iii) changes in market interest rates or other market rates of return that are likely to significantly affect the discount rate used in the impairment assessment; (iv) carrying amount of net assets of the entity exceeding its market capitalization; (v) evidence of obsolescence or physical damage to an asset; (vi) significant adverse changes impacting the manner in which an asset is used or is expected to be used; (vii) internal reporting indicating the economic performance of an asset is, or will be, worse than expected; and (viii) actual or forecast net cash outflows or operating profits or losses may be significantly worse than expected. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each Track Record Period.

38.7 Financial assets**(a) Classification**

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost.

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

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

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Debt instruments

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

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

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents and restricted cash, the expected credit loss risk is considered immaterial.

For trade receivables and retention money receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and retention money receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

38.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the entity currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

38.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

38.10 Inventories

Work-in-progress and purchased goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

38.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the Track Record Period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

38.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

38.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

38.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

(b) Deferred income tax

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

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

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

38.16 Employee benefits**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Track Record Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the Track Record Period are discounted to present value.

38.17 Share-based payment

The Group operates an equity-settled share-based payment plan, under which the Group receives services from eligible employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the Historical Financial Information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

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

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each Track Record Period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

38.18 Leases***Lease as lessee***

Leases are initially recognized as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

38.19 Earnings/(Loss) per share**(a) Basic earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury stock.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 7.

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10. Any other interest income is included in other income.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to 30 June 2025. No dividend or distribution has been declared, made or paid by the Company or any of its subsidiaries now comprising the Group in respect of any period subsequent to 30 June 2025.