

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MEDIAI TECHNOLOGY DEVELOPMENT LIMITED AND ITS SUBSIDIARIES

TO THE DIRECTORS OF MEDIWELCOME HEALTHCARE MANAGEMENT & TECHNOLOGY INC.

Introduction

We report on the historical consolidated financial information of MediAI Technology Development Limited (the “**Target Company**”) and its subsidiaries (collectively referred to as the “**Target Group**”) set out on pages II-3 to II-8, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the period from 6 March 2025 (date of incorporation) to 31 December 2025 (the “**Relevant Period**”), and the statement of financial position of the Target Company as at 31 December 2025, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-9 to II-37 forms an integral part of this report, which has been prepared for inclusion in the circular of Mediwelcome Healthcare Management & Technology Inc. (the “**Company**”) dated 8 May 2026 (the “**Circular**”) in connection with the proposed acquisition of the 100% issued share capital of the Target Company as at completion.

Directors' responsibility for the Historical Financial Information

The sole director of the Target Company (the “**Target Director**”) is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the Target Director determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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 Target Director, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group as at 31 December 2025 and of its financial performance and its cash flows for the Relevant Period 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 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 II-3 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that no dividends have been declared or paid by the Target Company in respect of the Relevant Period.

No historical financial statements for the Target Company

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



Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants Hong Kong
8 May 2026

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information of the Target Group

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

The consolidated financial statements of the Target Group for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us, certified public accountants registered in Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB'000</i>
Revenue	5	50,818
Cost of sales		<u>(33,915)</u>
Gross profit		16,903
Other income	6	15
Gain on bargain purchase	20	5,932
Selling expenses		(367)
Administrative expenses		(11,316)
Research and development expenses		(6,290)
Finance cost	7	(39)
Provision for impairment losses on other receivables	14	<u>(10,055)</u>
Loss before taxation		(5,217)
Income tax credit	9	<u>2,126</u>
Loss and total comprehensive expense for the period	8	<u><u>(3,091)</u></u>
Profit (loss) and total comprehensive income (expense) for the period attributable to:		
Owners of the Company		5,376
Non-controlling interests	21	<u>(8,467)</u>
		<u><u>(3,091)</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	31 December 2025 <i>RMB'000</i>
Non-current assets		
Equipment	<i>12</i>	28
Intangible asset	<i>13</i>	<u>142,819</u>
		<u>142,847</u>
Current assets		
Other receivables and prepayments	<i>14</i>	6,824
Bank balances and cash	<i>15</i>	<u>5,844</u>
		<u>12,668</u>
Total assets		<u>155,515</u>
Current liabilities		
Other payables and accruals	<i>16</i>	1,876
Contract liabilities	<i>17</i>	12,561
Income tax payable		<u>94</u>
		<u>14,531</u>
Net current liabilities		<u>(1,863)</u>
Total assets less current liabilities		<u>140,984</u>
Non-current liability		
Deferred tax liability	<i>18</i>	<u>34,760</u>
Net assets		<u>106,224</u>
Equity		
Equity attributable to owners of the Company		
Share capital	<i>19</i>	10
Reserves		<u>49,411</u>
		49,421
Non-controlling interests	<i>21</i>	<u>56,803</u>
		<u>106,224</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-	Total
	Share	Capital	Retained	Sub-total	controlling	
	capital	reserve	profits		interests	
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
At date of incorporation	–	–	–	–	–	–
Shares issued and allotted	10	9,989	–	9,999	–	9,999
Acquisition of a subsidiary (Note 20)	–	–	–	–	99,850	99,850
Capital injection to a subsidiary by non-controlling shareholders (Note 20)	–	–	–	–	1,300	1,300
Deemed acquisition of a subsidiary (Note 20)	–	34,046	–	34,046	(35,880)	(1,834)
Profit (loss) and total comprehensive income (expense) for the period	–	–	5,376	5,376	(8,467)	(3,091)
At 31 December 2025	10	44,035	5,376	49,421	56,803	106,224

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	From 6 March 2025 (date of incorporation) to 31 December 2025
		<i>RMB'000</i>
Operating activities		(5,217)
Loss before taxation		
Adjustments for:		
Depreciation for equipment	12	2
Amortisation of intangible asset	13	10,202
Gain on bargain purchase	20	(5,932)
Finance cost	7	39
Impairment loss on other receivables	14	10,055
		<hr/>
Operating cash flows before movements in working capital		9,149
Decrease in trade receivables		1,276
Decrease in other receivable, deposits and prepayments		13,269
Decrease in trade payables		(18,268)
Decrease in other payables and accruals		(500)
Decrease in contract liabilities		(4,373)
		<hr/>
Net cash from operating activities		<u>553</u>
Investing activities		
Purchase of equipment	12	(23)
Net cash arisen from deemed acquisition of a subsidiary	20	(1,834)
Acquisition of a subsidiary	20	88
		<hr/>
Net cash used in investing activities		<u>(1,769)</u>
Financing activities		
Shares issued and allotted		9,999
Repayment of bank borrowing		(4,000)
Advance from an independent third party		1,100
Interest paid		(39)
		<hr/>
Net cash from financing activities		<u>7,060</u>
Net increase in cash and cash equivalents and cash and cash equivalents at the end of the period		<u>5,844</u>
Cash and cash equivalents representing bank and cash balances		<u><u>5,844</u></u>

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

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

Information about the statement of financial position of the Target Company at the end of the reporting period is as follows:

	31 December 2025 <i>RMB '000</i>
Non-current asset	
Investment in a subsidiary	—
Current assets	
Other receivable	20
Amount due from a subsidiary	10,000
	<u>10,020</u>
Total assets	<u>10,020</u>
Current liability	
Accrual	10
	<u>10</u>
Net current assets and net assets	<u><u>10,010</u></u>
Equity	
Share capital	10
Reserve	10,000
	<u>10,010</u>
	<u><u>10,010</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

MediAI Technology Development Limited (the “Target Company” or “MediAI”) was incorporated in Hong Kong on 6 March 2025 as a limited company. The registered office and principal place of operation of the Target Company is located at suites 3701-3710, 37/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Target Company is an investment holding company and its subsidiaries (collectively referred to as the “Target Group”) are principally engaged in provision of artificial intelligence (“AI”) clinical intelligence and blockchain digital infrastructure services, including development and sales of proprietary AI models to global pharmaceutical and medical device companies.

The ultimate controlling shareholder of the Target Company is Mei Wei Yi.

Particulars of the Target Company’s subsidiaries as at the date of this report are as follows:

Company Name	Place of incorporation/ registration and place of operation	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
北京寰宇醫誠智能科技發展 有限公司 (Beijing Huanyu YiCheng AI Technology Development (Beijing) Co., Ltd (“Beijing Huanyu”) * & ** (Note a)	The People’s Republic of China (the “PRC”)	Registered capital: RMB10,000,000	100%	–	Investment holding
元宇鼎誠科技發展 (北京) 有限公司 (Yuanyu Dingcheng Technology Development (Beijing) Co., Limited (“Yuanyu Dingcheng”) ** (Note b)	The PRC	Registered capital: RMB14,802,835	–	67.01%	Provision of AI clinical intelligence and blockchain digital infrastructure services, including development and sales of proprietary AI models

* The subsidiary was registered as wholly-foreign-owned enterprise under the law of People Republic of China (the “PRC”).

** The English names of the Target Company’s subsidiaries which were registered in the Mainland China represent the translated names of these companies as no English name have been registered.

(a) No audited financial statements have been prepared for the entity as the entity was incorporated on 24 June 2025.

(b) The statutory financial statements of the entity for the year ended 31 December 2024 were prepared under China Accounting Standards (the “CAS”) and were audited by Beijing Tongjiu Zhiheng Certified Public Accountants (General Partnership), certified public accountants registered in PRC. No statutory financial statements have been prepared for the entity for the years ended 31 December 2023 and 2025.

The Historical Financial Information are presented in thousands of units of Renminbi (RMB’000), unless otherwise stated, which is also the functional currency of the Target Company.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) and accounting principles generally accepted in Hong Kong.

As at 31 December 2025, the Target Group had net current liabilities of approximately RMB1,863,000 which included contract liabilities of approximately RMB12,561,000. Based on the cashflow forecast prepared by the sole director of the Target Company, the sole director of the Target Company believes that the Target Group has sufficient cash flows generated from operations to meet its liabilities as and when they fall due. Therefore, the Historical Financial Information are prepared using the going concern basis of accounting.

The management of the Target Group has prepared a cash flow forecast covering a period up to 31 December 2026 which demonstrates that the Target Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the sole director of the Target Company considers that it is appropriate to prepare the Historical Financial Information using the going concern basis of accounting.

All HKFRS Accounting Standards effective for the accounting period commencing from 6 March 2025 (the date of incorporation), together with the relevant transitional provisions, have been consistently applied by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Period.

The Historical Financial Information has been prepared under the historical cost convention.

New and amendments to HKFRS Accounting Standards in issued but not yet effective

As at the date of this report, the following new and amendments to HKFRS Accounting Standards have been issued which are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or before 1 January 2026

³ Effective for annual periods beginning on or before 1 January 2027

Except for the new HKFRS Accounting Standard mentioned below, the sole director of the Target Company anticipates that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, 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. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statements of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provision. The application of the new standards is not expected to have significant impact on the financial performance and positions of the Target Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit and loss and other comprehensive income. The Target Group is in the process of assessing the detailed impact of HKFRS 18 on the Target Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Historical Financial Information has been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability. The principal accounting policies adopted are set out below.

Basis of consideration

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

Generally, there is a presumption that a majority of voting rights results in control. When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- (a) the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) potential voting rights held by the Target Group, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributable to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring in line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's interests in existing subsidiaries

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect changes in their relative interests in subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Target Company.

The results of subsidiaries are included in the Target Company's profit or loss to the extent of dividends received and receivable. The Target Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effect or delay in the ability to continue producing outputs.

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date at fair value which is the sum of the acquisition date fair values of assets transferred by the Target Group, liabilities assumed by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK (IFRIC) Int 21 *Levies*, in which the Target Group applies HKAS 37 or HK (IFRIC) – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at fair value.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date, and is included as part of the consideration transferred in a business combination. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the Target Group's previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Intangible asset acquired in a business combination

Intangible asset acquired in a business combination is recognised separately from goodwill and are initially recognised at its fair value at the acquisition date (which is regarded as its cost).

Subsequent to initial recognition, intangible asset acquired in a business combination with finite useful life is reported at cost less accumulated amortisation and accumulated impairment losses, if any, on the same basis as intangible asset that is acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset or cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of or money and the risks specific to the asset or cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

Revenue from contracts with customers

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group’s performance as the Target Group performs;
- the Target Group’s performance creates or enhances an asset that the customer controls as the Target Group performs; or
- the Target Group’s performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A receivable represents the Target Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group’s obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Revenue is recognised either at a point in time or over time, when (or as) the Target Group satisfies performance obligations by transferring the promised goods or services to its customers.

The services provided by the Target Group are disclosed as below:

Revenue from sales of AI proprietary models

The Target Group develops and sells of AI proprietary model. Revenue is recognised when control over the AI proprietary model has been transferred to the customer. Control is considered to be transferred upon completion of development and customer acceptance, at which point the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the AI proprietary models. The AI proprietary models have generally no alternative use for the Target Group due to contractual restrictions. However, an enforceable right to payment for performance completed to date prior to completion and transfer of control. Therefore, revenue is recognised at a point in time when completion of development, customer acceptance and delivery of the proprietary AI model and source code, at which point the customer obtains control of the model.

Payment is generally due upon completion and transfer of control of the proprietary AI model. The credit period granted to customers is typically within 30 days from the date of invoice. As the period between transfer of control and payment is 12 months or less, the Target Group applies the practical expedient under paragraph 63 of HKFRS 15 and does not adjust the transaction price for the effects of a significant financing component.

No contract assets are recognised in respect of sales of proprietary AI model as no enforceable right to payment arises prior to completion and transfer of control.

Revenue generated from provision of AI data services

The Target Group provides doctors' digital asset custodian service and AI data transformation services (including online AI video generation and review and AI survey generation and review) to the customers. The Target Group agrees to the sales price for each service with the customers in advance and bills the customers based on the nature and scope service rendered and completed.

Revenue arisen from doctors' digital asset custodian services charged at a fixed service fee for over a year and are recognised on a systematic basis over the service period, reflecting continuous provision of services and accrued on a monthly basis and are recognised over time as services are rendered.

AI data transformation services (including online AI video generation and review and AI survey generation and review) are generally recognised at the point in time when the data processing activities completed and related result are accepted by customers when the customers obtain the benefit of the completed output.

Revenue generated from other services

Other services includes AI platform development services consists of customised system development with intellectual property rights transfer and subsequent management and maintenance services within the contractual period, are recognised either a point in time or over time over time-spread of the service period depend on the contract term.

AI platform development and the relevant transfer of intellectual property rights constitute a single performance obligation, as they are highly interdependent and not separately identifiable. Revenue is recognised at a point in time when completion of the system and customer acceptance, and control of the intellectual property right is transferred to the customers, as the Target Group does not have enforceable right to payment for work performed to date under HKFRS 15. Management and maintenance services considered as distinct performance obligation, and are recognised over time on a straight-line basis as customers simultaneously receives and consumes the benefits throughout the contractual period.

Leases

The Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Lease* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As lessee

Short-term leases

The Target Group applies the short-term lease recognition exemption to leases of offices and staff dormitory that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as an expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Taxation

Income tax expense represents the sum of current and deferred income tax expense. The tax currently payable is based on taxable profit for the period. Taxable profit differs from “loss before taxation” because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in subsidiaries, except when the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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.

Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Target Group pays contributions into a separate entity. The Target Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period. Contributions to defined contribution plans, including the employee pension schemes established by municipal government in the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

The obligations are presented as current liabilities in the consolidated statements of financial position if the Target Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Target Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other receivables and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Target Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities represented other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 3, the sole director of the Target Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgments, apart from those involving estimations (see below), that the sole director of the Target Company has made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

a. *Consolidation of entities in which the Group holds less than a majority of effective equity interest*

The Target Group determines whether an equity investment should be accounted for as a subsidiary and has developed criteria in making that judgement. A subsidiary is an entity controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee). Judgement is made on an individual basis to determine the extent of power the Target Group held over the investee.

The Target Group considers that it controls Yuanyu Dingcheng since the date of acquisition on 2 September 2025 even though it owns less than 50% of the effective equity interest as it has a majority voting right, i.e. 2 out of 3, in the board of directors of Yuanyu Dingcheng through entering acting in concert arrangement with the shareholder of Yuanyu Dingcheng.

Details of the Acquisition transaction are disclosed in Note 20.

Research and development expenses

Development expenses incurred on the Target Group's internally generated-intangible assets are recognised as intangible assets under HKAS 38 *Intangible Assets* only when the Target Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the Target Group's intention to complete and the Target Group's ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. The management of the Target Group assesses the progress of each of the research and development projects and determine whether the criteria are met the definition of intangible asset under HKAS 38. During the period from 6 March 2025 (date of incorporation) to 31 December 2025, all research and development costs are expensed when incurred.

b. *Deferred tax assets*

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The deductible temporary difference was approximately RMB18,880,000 has been recognised at 31 December 2025. Significant management estimation and judgement were involved to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are contained in Note 18 to the consolidated financial statements.

(ii) *Sources of estimation uncertainty*

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 discussed below:

a. *Provision for impairment of other receivables within the scope of ECL under HKFRS 9*

The Target Group uses 12m ECL model to assess impairment for the other receivables. The application of ECL model requires significant judgements and estimates, and requires consideration for all reasonable and supportive information, including forward-looking information. When making these judgments and estimates, the Target Group assessed whether there is significant increase in credit risk since initial recognition for other receivables individually based on historical repayment record combined with forward-looking information such as economic policies, macroeconomic indicators, industrial risks and other factors.

The evaluation requires judgment in selecting relevant forward-looking variables, determining appropriate weightings to different economic scenarios and assessing the potential impact on counterparties' ability to settle outstanding balances.

Given the limited observable market data for certain counterparties, management applies judgment in determining whether changes in credit risk are significant enough to trigger lifetime ECL recognition.

As at 31 December 2025, the net carrying amount of other receivables was approximately RMB6,824,000 (net of loss allowance of approximately RMB10,055,000).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's other receivables are disclosed in Notes 14 and 22 respectively.

b. *Impairment of intangible asset*

The Target Group assesses whether there are any indicators of impairment for intangible asset with finite useful life at the end of the reporting period. Intangible asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. The calculation of value in use requires the Target Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

The carrying amount of intangible asset as at 31 December 2025 was approximately RMB142,819,000. No impairment loss was recognised in the Target Group's consolidated statement of profit or loss and other comprehensive income during the period from 6 March 2025 to 31 December 2025.

c. Useful life of intangible asset

The Target Group's management determines the estimated useful life of intangible asset with reference to the estimated periods the Target Group intends to derive future economic benefits from the use of this asset. Management will assess the estimated useful life, or it will write-off or write-down technically obsolete or non-strategic asset that has been abandoned or sold. Periodic review could result in a change in useful life and therefore amortisation expense in future periods.

d. Valuation of purchase price allocation for acquisition of a subsidiary

The acquisition of Yuanyu Dingcheng, a company established in the PRC was accounted for as a business combination, which required the Target Group to allocate the purchase price to the assets acquired, liabilities assumed, and identified intangible assets (if any), based on their estimated fair values at the date of acquisition. The purchase price allocation process involved significant management judgment and estimation, particularly in determining the fair values of intangible assets (if any) and other non-current items for which observable market data may not be readily available. These estimates are inherently uncertain and subject to change as additional information becomes available. In aggregate, the fair value of total identifiable net assets of Yuanyu Dingcheng amounted to approximately RMB106,207,000 and was recognised in the consolidated statement of financial position as at the acquisition date.

The outcome of the purchase price allocation has a direct impact on future financial statements, as the values assigned to the assets and liabilities and the deferred tax recognised thereon will be realised in subsequent financial periods. As such, the purchase price allocation represents a key source of estimation uncertainty with ongoing implications for the Target Group's financial performance and position. Details are disclosed in Note 20 to the consolidated financial statements.

5. REVENUE AND SEGMENT INFORMATION

The Target Group's primarily business is as below:

- Sales of AI proprietary models
- Provision of AI data services consists of doctors' digital asset custodian services and AI data transformation services
- Other services

For management purposes, the Target Group is organised into one operating segment based on industry practice. The sole director of the Target Company monitors the results of the Target Group as a whole for the purpose of making decisions about resource allocation and performance assessment. No further analysis about the operating segment thereof is presented.

Geographical information

i. Revenue from external customers

All of the revenues are derived from external customers located in the PRC.

ii. Non-current assets

As at 31 December 2025, all of the non-current assets, excluding deferred tax assets, of the Target Group was located in the PRC.

iii. *Information about major customers*

During the period from 6 March 2025 (date of incorporation) to 31 December 2025, gross revenue (before net of sales related tax) in aggregate approximately RMB45,609,000 was derived from top five customers, and approximately RMB20,658,000 was derived from the largest customer.

iv. An analysis of revenue is as follows:

	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB '000</i>
Revenue from contract with customers within the scope of HKFRS 15	
Sales of AI proprietary models	4,906
AI data services	45,588
Others	358
	<hr/>
Revenue from customers	50,852
	<hr/>
Less: sales related tax	(34)
	<hr/>
	50,818
	<hr/>
Disaggregation of revenue from contracts with customer by timing of revenue recognition	
Point in time	40,227
Overtime	10,625
	<hr/>
	50,852
	<hr/> <hr/>

Transaction price allocated to the remaining performance obligation for contracts with customers

All of the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are within 1 year.

6. **OTHER INCOME**

	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB '000</i>
Other income	
Others	15
	<hr/> <hr/>

7. FINANCE COST

**From 6 March
2025 (date of
incorporation) to
31 December 2025**
RMB '000

Bank interest expense	39
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8. LOSS FOR THE PERIOD

a. Loss for the period is arrived after charging:

**From 6 March
2025 (date of
incorporation) to
31 December 2025**
RMB '000

Staff costs (including director's emoluments as stated in below Note (b))	
Salaries, wages and other benefits	1,121
Defined contribution benefits	157
Less: included in research and development expenses	(588)
Included in selling and administrative expenses	690
Research and development cost recognised as cost of services (other than staff costs as stated above)	5,702
Auditor's remuneration	–
Depreciation of equipment	2
Amortisation of intangible asset	10,202
Short-term lease payments	38

b. Director's remuneration

From 6 March 2025 (date of incorporation) to 31 December 2025

	Salary, allowances and benefits in kind	Retirement benefits scheme contributions	Other social security costs and other employee benefits	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Mei Weiyi	–	–	–	–

c. Five highest paid individuals

All of the five individuals with the highest emoluments in The Target Group during 6 March 2025 (date of incorporation) to 31 December 2025 were non-director, with emoluments during the Relevant Period are as follows:

	From 6 March 2025 (date of incorporation) to 31 December 2025
	<i>RMB'000</i>
Salaries, wages and other benefits	435
Retirement benefits scheme contributions	32
Other social security costs and other employee benefits	31
	<hr/>
	498
	<hr/> <hr/>

The number of highest paid employees whose emoluments fell within the following band:

	Number of individuals 2025
RMBnil to RMB1,000,000	5
	<hr/> <hr/>

The Target Group is operating in the PRC participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their basic salaries at their retirement dates. The Target Group is required to contribute a certain percentage of its PRC employees' basic salaries and wages to the central pension scheme to fund the retirement benefits and have no further obligation for post-retirement benefits beyond the annual contributions made.

During the period from 6 March 2025 (date of incorporation) to 31 December 2025, the Target Group made contributions to the retirement benefits schemes amounting to RMB157,000.

9. INCOME TAX CREDIT

Income on tax assessable profits in the Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the “PRC Tax Law”) effective on 1 January 2008, the PRC corporate income tax rate during the Relevant Period was 25% of their taxable profits. Under the relevant regulations of the PRC Tax Law, one of the subsidiaries in the PRC of the Target Group is qualified as small enterprises as earning low profits in the PRC and is subject to a reduction of income tax rate by 20%.

Certain research and development costs of one of the subsidiaries in the PRC of the Target Group are qualified for 100% additional deduction for tax purpose.

The income tax credit is as follows:

	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB'000</i>
Over-provision of current tax in prior period – PRC	(26)
Deferred tax	(2,100)
	<hr/>
Income tax credit	<u>(2,126)</u>

The income tax credit for the Relevant Period can be reconciled to the loss before taxation per consolidated statements of profit or loss and other comprehensive income as follows:

	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB'000</i>
Loss before taxation	<u>(5,217)</u>
Tax on loss before taxation at tax rate of 25%	(1,304)
Effect of additional deduction on research and development costs	(147)
Tax effect of non-taxable income	(1,483)
Tax effect of non-deductible expenses	2,555
Effect of preferential tax	(1,737)
Over-provision of current tax in prior period	26
Others	(36)
	<hr/>
Income tax credit	<u>(2,126)</u>

10. DIVIDENDS

No dividend has been declared or paid by the Target Company in respect of the Relevant Period.

11. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. EQUIPMENT

RMB '000

COST

At date of incorporation	–
Acquisition of a subsidiary (Note 20)	7
Addition	23
	<hr/>
At 31 December 2025	30
	<hr/> <hr/>

ACCUMULATED DEPRECIATION

At date of incorporation	–
Provided for	2
	<hr/>
At 31 December 2025	2
	<hr/> <hr/>

NET CARRYING AMOUNT

At 31 December 2025	28
	<hr/> <hr/>

13. INTANGIBLE ASSET

RMB '000

COST

At the date of incorporation	–
Acquisition of a subsidiary (Note 20)	153,021
	<hr/>
At 31 December 2025	153,021
	<hr/> <hr/>

ACCUMULATED AMORTISATION

At the date of incorporation	–
Acquisition of a subsidiary (Note 20)	10,202
	<hr/>
At 31 December 2025	10,202
	<hr/> <hr/>

NET CARRYING AMOUNT

At 31 December 2025	142,819
	<hr/> <hr/>

The intangible asset represents customer relationship acquired through business combination (Note 20). Customer relationship acquired in a business combination is recognised at fair value initially at the acquisition date. The fair value is determined using the discounted cash flow method. Subsequently, the customer relationship is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method over the estimated useful life of 5 years for the customer relationship.

A valuation was performed by an independent professional valuer to determine the amount of the customer relationship recognised by the Target Group as at the acquisition date. Methods and key assumptions in determining the fair value of the customer relationship as at respective acquisition dates are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Customer relationship	Discounted cash flows	14.65%	5 years

Impairment assessment of intangible asset

At 31 December 2025, the sole director of the Target Company conducted an assessment of the recoverable amount of the intangible asset with reference to a valuation performed by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “Valuer”), based on a value in use calculation using cash flow projection on a five-year forecast approved by the management. The discount rate applied to the cash flow projection is 22.6%. The growth rates used for the five-year period and to extrapolate the cash flows of the business beyond the five-year period is 30.4% and 2% respectively. Based on the assessment, in the opinion of the sole director of the Target Company, the estimated recoverable amount of the intangible asset is higher than its corresponding carrying amount and therefore, no impairment of intangible asset was provided during the Relevant Period.

14. OTHER RECEIVABLES AND PREPAYMENTS

	Notes	31 December 2025 RMB'000
Other receivables	a	16,879
Less: loss allowances	b	(10,055)
		6,824

Notes:

- (a) As at 31 December 2025, other receivables were mainly include (i) advance to one of the former shareholders of approximately RMB10,055,000. The balance was non-trade in nature, interest-free, unsecured and no fixed term of repayment. With the financial position of the former shareholder has deteriorated severity, the management of the Target Company has considered that the credit risk of the debtor has significant increase since initial recognition due to the in the progress of deregistration or liquidation by the counterparty, and the recovery of the balance was considered as not probable and therefore considered as credit-impaired and full impairment loss has been provided as at the end of the reporting period; (ii) approximately RMB2,083,000 representing advance to an independent third party, the balance was interest-free and repayable in accordance with the repayment terms in accordance with the settlement arrangement and guaranteed by one of the director of the subsidiary; (iii) while approximately RMB4,673,000 representing advances to shareholders and former shareholders of the subsidiary, the balances were unsecured, interest-free and repayable on demand.
- (b) The movement in the loss allowance for other receivables measured individually is as follows:

	From 6 March 2025 (date of incorporation) to 31 December 2025
	<i>RMB'000</i>
At date of incorporation	–
Impairment loss recognised	10,055
	<hr/>
At the end of the period	10,055
	<hr/> <hr/>

Details of impairment assessment of other receivables are set out in Note 22.

15. BANK BALANCES AND CASH

Bank balances carried interests at prevailing market interest rate. Details of impairment assessment of bank balances are set out in Note 22.

16. OTHER PAYABLES AND ACCRUALS

	31 December 2025
	<i>RMB'000</i>
Other payables (<i>Note</i>)	1,723
VAT tax payables	143
Accrued expenses	10
	<hr/>
	1,876
	<hr/> <hr/>

Note:

As at 31 December 2025, included in other payables were mainly consist of approximately RMB1,600,000 advance from an independent third party. The balance was non-trade in nature, unsecured, interest-free, and repayable within one year.

17. CONTRACT LIABILITIES

Contract liabilities mainly represented advances from customers related to the AI data services. The related obligations were expected to be performed with corresponding revenue recognised within one year.

	<i>Note</i>	31 December 2025 <i>RMB '000</i>
AI data services		<u>12,561</u>

Note: The contract liabilities represented the advance receipt from customers for the doctors' digital asset custodian services under AI data services, the service is provided on a subscription basis. Subscription fee is paid in advance over the contractual period. Revenue is recognised over time on a straight-line basis over the service period.

Movement in contract liabilities during the Relevant Period are as below:

	From 6 March 2025 (date of incorporation) to 31 December 2025 <i>RMB '000</i>
At date of incorporation	–
Acquisition of a subsidiary (<i>Note 20</i>)	16,934
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(45,802)
Increase in contract liabilities as a result of receiving deposits during the period	<u>41,429</u>
At the end of the period	<u>12,561</u>

18. DEFERRED TAX LIABILITY

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

	Fair value of intangible asset <i>RMB '000</i>	Other deductible temporary differences <i>RMB '000</i>	Total <i>RMB '000</i>
At date of incorporation	–	–	–
Acquisition of a subsidiary (<i>Note 20</i>)	(38,255)	1,395	(36,860)
Credit (charge) to profit or loss (<i>Note 9</i>)	<u>2,550</u>	<u>(450)</u>	<u>2,100</u>
At 31 December 2025	<u>(35,705)</u>	<u>945</u>	<u>(34,760)</u>

At the end of the reporting period, the Target Group has recognised all of the deductible temporary differences of approximately RMB18,880,000 related to timing differences of revenue recognition.

19. SHARE CAPITAL

Details of the Target Company's shares are disclosed as follows:

	<i>RMB '000</i>
At date of incorporation	–
Share issued and allotted	<u>10</u>
At 31 December 2025	<u><u>10</u></u>

Nature and purpose of reserves

(i) Statutory reserve

As stipulated by regulations in the PRC, the Target Group is required to appropriate 10% of their after-tax profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the Target Group, provided that the balance after such issue is not less than 25% of its registered capital.

(ii) Capital reserve

The capital reserve represents the difference between shareholders' portion of actual paid-in capital excess the subscribed registered capital by the shareholders.

20. ACQUISITION OF SUBSIDIARY

On 2 September 2025 (the "**Acquisition Date**"), the equity transfer was legally completed whereby Beijing Huanyu was registered as a shareholder of Yuanyu Dingcheng. A total consideration of RMB425,000 was duly settled to the selling shareholder upon completion of the transfer.

Pursuant to the Acting in Concert Arrangement (the "**Arrangement**") as approved by the board of directors of the Target Company, the sole director and ultimate shareholder of the Target Company has undertaken to act in concert with a director and shareholder of Yuanyu Dingcheng. By virtue of the Arrangement, the Target Group is able to effectively control 2 out of 3 board seats of Yuanyu Dingcheng and exercise majority voting rights at board meetings, thereby having the power to direct the relevant activities of Yuanyu Dingcheng.

In accordance with HKFRS 10 *Consolidated Financial Statements*, the directors of the Target Company are of the view that the Target Group has attained de facto control over Yuanyu Dingcheng with effect from the Acquisition Date. Yuanyu Dingcheng has accordingly been consolidated as a subsidiary of the Target Group from that date, and the acquisition has been accounted for as a business combination in accordance with HKFRS 3 *Business Combinations*.

The principal activities of Yuanyu Dingcheng are providing AI technology services for clinical intelligence and blockchain digital infrastructure, including the development and sale of proprietary AI models to pharmaceutical and medical device companies globally, operating in Beijing, the PRC.

Fair value of identifiable assets and liabilities of Yuanyu Dingcheng at the Acquisition Date was as follows:

	<i>RMB '000</i>
Equipment	7
Intangible asset	153,021
Trade receivables	1,276
Other receivables, deposits and prepayments	30,148
Bank balances and cash	513
Trade payables	(18,268)
Other payables and accruals	(2,576)
Contract liabilities	(16,934)
Borrowing	(4,000)
Income tax payable	(120)
Deferred tax liability	(36,860)
	<hr/>
Net assets acquired	106,207
	<hr/>
Fair value of net assets acquired	106,207
Less: non-controlling interests	(99,850)
	<hr/>
Net identifiable assets attributable to owners of the Target Company	6,357
Gain on bargain purchase	(5,932)
	<hr/>
Total consideration	425
	<hr/> <hr/>
Net cash inflow arising on acquisition	88
	<hr/> <hr/>

At the Acquisition Date, the Target Company has acquired approximately 33.77% of registered capital of Yuanyu Dingcheng, consist of RMB425,000 paid up capital of Yuanyu Dingcheng and RMB3,000,000 unpaid registered capital which representing the Target Group's proportionate capital contribution obligation to Yuanyu Dingcheng in accordance with its articles of association. Such unpaid capital constitutes a capital commitment of the shareholder to the subsidiary and does not represent a liability of Yuanyu Dingcheng at the Acquisition Date. Accordingly, the unpaid registered capital does not form part of the consideration transferred under HKFRS 3.

The consideration transferred comprised solely the cash consideration of RMB425,000 paid to the selling shareholders.

The fair value of the identifiable assets and liabilities of approximately RMB106,207,000 as at the Acquisition Date was determined by an independent qualified professional valuer. Details are disclosed in note 13. The valuation was primarily based on the income approach using discounted cash flow methodology.

After re-assessment by the management of Yuanyu Dingcheng, the fair value of the identifiable net assets exceeded the consideration transferred, a gain on bargain purchase of approximately RMB5,932,000 was recognised in profit or loss for the period.

The directors of the Target Group reassessed the identification and measurement of the acquiree's identifiable assets and liabilities and confirmed that the gain on bargain purchase was appropriately recognised in accordance with HKFRS 3.

Non-controlling interests are measured based on the proportionate of paid-up capital of fair value of the identifiable net assets of the acquired subsidiary at the Acquisition Date.

Since the Acquisition Date, Yuanyu Dingcheng contributed a loss of approximately RMB1,355,000 and generated revenue of approximate RMB50,818,000 for the Relevant Period of the Target Group's consolidated statement of profit or loss and other comprehensive income.

Had the combination taken place at the beginning of the period, the revenue of the Target Group and the loss of the Target Group for the period from 6 March 2025 (date of incorporation) to 31 December 2025 would have been approximately RMB151,359,000 and approximately RMB5,369,000, respectively.

Subsequent to the Acquisition Date, the Target Group has acquired additional equity interests from certain independent non-controlling shareholders of Yuanyu Dingcheng, and also, the shareholders of Yuanyu Dingcheng passed a capital injection resolution, pursuant to which the Target Company will make additional cash contribution of RMB4,661,000 as new registered capital in cash into the Yuanyu Dingcheng by 2030.

Following the completion of transfer of the equity interest from non-controlling shareholders, the approval of the capital injection and the registration of the increased registered capital on 16 December 2025, as at 31 December 2025, the paid up capital contributed by the Target Group as RMB3,709,000 while the unpaid capital by the Target Group as RMB4,377,000.

Yuanyu Dingcheng remain as a subsidiary of the Target Company, and its financial results will continue to be consolidated in the Target Group's accounts. Therefore, it has led to an equity transfer of approximately RMB34,046,000 from non-controlling interests to the Target Company's capital reserve upon deemed acquisition of additional shareholdings.

21. NON-CONTROLLING INTERESTS

Details of the Target Group's subsidiary, Yuanyu Dingcheng that have material non-controlling interests are set out below:

	31 December 2025 <i>RMB '000</i>
Loss for the period allocated to non-controlling interests	(8,467)
Accumulated balances of non-controlling interests at the end of the period	<u>56,803</u>

The following tables illustrate the summarises of financial information of the above subsidiaries. The amount disclosed are before any inter-company eliminations:

	For the period from the Acquisition Date to 31 December 2025 <i>RMB '000</i>
Revenue	50,818
Loss for the period	<u>(9,007)</u>
Non-current assets	142,847
Current assets	6,385
Current liabilities	(14,522)
Non-current liabilities	(34,760)
Net assets	<u>99,950</u>
Net cash generated used in operating activities	(901)
Net cash generated from investing activities	8,659
Net cash generated used in financing activities	<u>(4,039)</u>

22. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	31 December 2025
	<i>RMB '000</i>
Financial assets at amortised costs	
Other receivables	6,824
Bank balances and cash	5,844
	<hr/>
	12,668
	<hr/> <hr/>
Financial liabilities at amortised costs	
Other payables and accruals	1,733
	<hr/> <hr/>

b. Financial risk management objectives and policies

The Target Group's financial instruments include other receivables and bank balances and cash and other payables and accruals. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (i.e. interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Target Group currently does not have policy on cash flow hedges of interest rate risk. However, the management of the Target Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The sole director of the Target Company considers the exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. No sensitivity analysis is performed as the sole director of the Target Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Credit risk management and impairment assessment

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to other receivables and bank balances.

The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. Information about the Target Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, is summarised below.

Other receivables

The Target Group performs impairment assessment under ECL model on other receivables individually. The management of the Target Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for the balances as disclosed in Note 14(a), the management of the Target Group considers that the credit risk of the balances has not increased significantly since initial recognition as there is no significant change in credit profile of the counterparties, as such, the Target Group assesses the balances for impairment based on 12m ECL, through a thorough evaluation of counterparty financial ability and settlement history, no additional impairment loss recognised for the remaining other receivables for the Relevant Period.

Bank balances

Credit risk on bank balances is limited because the counterparties are banks with good reputation and credit profile. The management of the Target Group considers that the credit risk of the amount has not increased significantly since initial recognition considering external credit ratings of the banks. As such, the Target Group assesses the balances for impairment based on 12m ECL. No impairment loss is recognised during the period from 6 March 2025 (date of incorporation) to 31 December 2025 as the ECL is assessed to be insignificant.

The Target Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch List	Debtors frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Target Group's financial assets which are subject to ECL assessment:

Financial assets at amortised cost	External credit rating	Internal credit rating	Lifetime or 12m ECL	Gross carrying amounts 2025 RMB'000
Other receivables	N/A	Loss	Lifetime ECL	10,055
Other receivables	N/A	Low risk	12m ECL	6,824
Bank balances	Aa3	N/A	12m ECL	5,844

The following table shows the movement in lifetime ECL that has been recognised for other receivables which is measured under 12m ECL:

	Other receivables Lifetime – credit-impaired RMB '000
At date of incorporation	–
Impairment losses provided	10,055
	<hr/>
At 31 December 2025	10,055
	<hr/> <hr/>

Liquidity risk management

In the management of the liquidity risk, the Target Group relies on borrowing and operating funds as significant sources of liquidity. The management of the Target Group also monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

As at 31 December 2025

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	–	1,733	–	1,733	1,733
		<hr/>	<hr/>	<hr/>	<hr/>

Fair value measurements of financial instruments

The management of the Target Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost at the respective end of the reporting period approximate their fair values.

23. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to shareholders and benefits for other stakeholders through optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged through the Relevant Period.

The capital structure of the Target Group consists of equity, comprising issued share capital and reserves.

The management of the Target Group reviews the capital structure on a regular basis. As part of this review, the management of the Target Group considers the cost of capital and the risks associated with the capital. Based on the recommendation of the management of the Target Group, the Target Group will balance its overall capital structure through issue of shares, new debt or the redemption of existing debt.

The Target Group did not subject to externally imposed capital requirements.

24. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

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

	Other payable <i>RMB'000</i>	Borrowing <i>RMB'000</i>	Total <i>RMB'000</i>
At date of incorporation	–	–	–
<i>Non-cash transaction</i>			
Acquisition of a subsidiary	500	4,000	4,500
Interest expense	–	39	39
Interest paid	–	(39)	(39)
Advance from an independent third party	1,100	–	1,100
Repayment of borrowing	–	(4,000)	(4,000)
	<u>–</u>	<u>(4,000)</u>	<u>(4,000)</u>
At 31 December 2025	<u>1,600</u>	<u>–</u>	<u>1,600</u>

(b) Major non-cash transactions

During the Relevant Period, the non-controlling shareholders have capitalised its other payables of RMB1,300,000 as capital contribution to Yuanyu Dingcheng.

25. RELATED PARTIES TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Target Group entered into the following related party transactions:

a. Transactions with related parties:

	From 6 March 2025 (date of incorporation) to 31 December 2025
<i>Note</i>	<i>RMB '000</i>
Transaction with shareholders –	
Revenue arisen from AI data services	882

Notes:

- (i) Transactions rendered to or by the related parties above are carried out according to the terms of the related agreements and in the ordinary and usual course of the Target Group's business.

b. Key management personnel remuneration

	From 6 March 2025 (date of incorporation) to 31 December 2025
<i>Note</i>	<i>RMB '000</i>
Short-term employee benefits	216
Post-employment benefits	35

Total remuneration is included in "staff costs" (see Note 8).

26. COMMITMENT

As at 31 December 2025, the unpaid registered capital for the subsidiary amounted to approximately RMB4,377,000. The Target Group did not have other material capital commitments.

27. CONTINGENT LIABILITIES

As at 31 December 2025, the Target Group did not have any contingent liabilities