The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHESHI HOLDINGS LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Cheshi Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-78, which comprises the consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and 30 June 2020, the company statements of financial position as at 31 December 2018 and 2019 and 30 June 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-78 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 December 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 2019 and 30 June 2020, and the consolidated financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 1.3 and Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 1.3 and Note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
31 December 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

		Year ended 31 December			Six months ended 30 June	
	Note	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Revenue	6	117,578	157,847	177,615	77,504	58,897
Cost of providing services	7	(16,836)	(21,263)	(28,852)	(15,213)	(9,472)
Gross profit		100,742	136,584	148,763	62,291	49,425
Other income	9	443	131	3,056	659	1,664
Other gains, net	10	607	1,035	3,932	574	8,366
(Net impairment loss)/ reversal of net impairment loss on financial assets	7	(1,386)	(6,837)	(3,703)	6,681	1,873
Selling and distribution expenses	7	(45,009)	(43,791)	(47,757)	(21,723)	(16,794)
Administrative expenses	7	(12,606)	(19,463)	(34,426)	(17,340)	(13,057)
Research and development expenses	7	(4,843)	(7,823)	(12,507)	(4,243)	(3,275)
Operating income		37,948	59,836	57,358	26,899	28,202
Finance income		5	23	383	25	161
Finance costs		(299)	(187)	(84)	(57)	(223)
Finance (costs)/income, net	11	(294)	(164)	299	(32)	(62)
Share of loss of an associate	12	—	—	—	—	(56)
Profit before income tax		37,654	59,672	57,657	26,867	28,084
Income tax expense	13	(10,179)	(12,069)	(5,947)	(5,072)	(3,377)
Profit and total comprehensive income for the year/period attributable to owners of the Company		27,475	47,603	51,710	21,795	24,707
Earnings per share for profit attributable to owners of the Company during the year/period (expressed in RMB per share)						
Basic	14	0.03	0.06	0.06	0.03	0.03
Diluted	14	0.03	0.06	0.06	0.03	0.02

Consolidated statements of financial position

	Note	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment and right-of-use assets	16	5,475	3,345	1,091	14,032
Intangible assets	17	13,826	12,593	11,633	11,157
Long-term deposits	20	615	471	—	1,705
Deferred tax assets	27	1,443	2,259	2,207	3,996
Interest in an associate	12	—	—	—	94
Amount due from an associate	30	—	—	—	351
		21,359	18,668	14,931	31,335
Current assets					
Prepayments, deposits and other receivables	20	1,869	5,470	13,715	17,091
Amounts due from shareholders	30	—	—	331	336
Contract assets	6(c)	2,883	6,244	8,056	2,825
Trade and bill receivables	19	81,534	102,348	114,563	91,511
Financial assets at fair value through profit or loss	21	7,148	20,300	41,656	92,391
Income tax recoverable		—	32	186	—
Cash and cash equivalents	22	14,459	36,130	76,670	55,331
		107,893	170,524	255,177	259,485
Total assets		129,252	189,192	270,108	290,820
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23(a)	—	—	655	655
Treasury shares	23(b)	—	—	(69)	(69)
Reserves	23(c)	44,467	49,234	55,426	56,541
Retained earnings		33,447	26,283	71,612	95,204
Total equity		77,914	75,517	127,624	152,331
LIABILITIES					
Non-current liabilities					
Other payables	25	67	71	—	—
Lease liabilities	26	2,054	36	—	7,864
Convertible redeemable preference shares	32	—	—	48,377	42,445
		2,121	107	48,377	50,309
Current liabilities					
Trade payables	24	4,822	4,898	5,519	5,136
Contract liabilities	6(c)	750	846	3,765	3,600
Accruals and other payables	25	24,508	42,657	60,676	51,356
Lease liabilities	26	3,311	3,371	555	4,922
Dividend payable	15	—	50,000	13,600	13,600
Amount due to a director	30	2	—	—	—
Income tax payable		15,824	11,796	9,992	9,566
		49,217	113,568	94,107	88,180
Total liabilities		51,338	113,675	142,484	138,489
Total equity and liabilities		129,252	189,192	270,108	290,820

Statements of financial position of the Company

	Note	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investments in subsidiaries	23(d)	—*	93,879	93,879
Current assets				
Amounts due from shareholders	23(e)	—	331	336
Amounts due from subsidiaries	23(e)	—	46,814	47,886
Cash and cash equivalents	22	—	2,576	1,718
		—	49,721	49,940
Total assets		—*	143,600	143,819
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	23(a)	—*	655	655
Treasury shares	23(b)	—	(69)	(69)
Reserves	23(c)	—	93,690	93,690
Retained earnings	23(c)	—*	947	7,006
Total equity		—*	95,223	101,282
LIABILITIES				
Non-current liability				
Convertible redeemable preference shares	32	—	48,377	42,445
Current liabilities				
Accruals and other payables		—*	—	92
Total liabilities		—*	48,377	42,537
Total equity and liabilities		—*	143,600	143,819

* Amount less than RMB1,000.

Consolidated statements of changes in equity

	Attributable to the owners of the Company				
	Share capital	Treasury shares	Reserves	Retained earnings	Total equity
	RMB'000 (Note 23(a))	RMB'000 (Note 23(b))	RMB'000 (Note 23(c))	RMB'000	RMB'000
Balances at 1 January 2017	—	—	40,219	8,720	48,939
Comprehensive income					
Profit for the year	—	—	—	27,475	27,475
Transaction with owners					
Return of capital to a former shareholder of a subsidiary now comprising the Group (Note 23(c)(1)(ii))	—	—	(29,250)	—	(29,250)
Capital injection from shareholders of a subsidiary now comprising the Group (Note 23(c)(1)(ii) and (iii))	—	—	30,750	—	30,750
Profit appropriations to statutory reserves	—	—	2,748	(2,748)	—
	—	—	4,248	(2,748)	1,500
Balances at 31 December 2017 and 1 January 2018	—	—	44,467	33,447	77,914
Comprehensive income					
Profit for the year	—	—	—	47,603	47,603
Transaction with owners					
Ordinary share issued upon incorporation	—*	—	—	—	—*
Profit appropriations to statutory reserves	—	—	4,767	(4,767)	—
Dividends declared and payable by a company comprising the Group (Note 15)	—	—	—	(50,000)	(50,000)
	—	—	4,767	(54,767)	(50,000)
Balances at 31 December 2018 and 1 January 2019	—	—	49,234	26,283	75,517
Comprehensive income					
Profit for the year	—	—	—	51,710	51,710
Transaction with owners					
Issuance of ordinary shares (Note 23(a)(ii) and (iv))	586	—	(189)	—	397
Effect of adoption of restricted share unit scheme ("RSU Scheme") and share award scheme ("SA Scheme") (together the "Incentive Schemes") (Note 23(b))	69	(69)	—	—	—
Profit appropriations to statutory reserves	—	—	6,381	(6,381)	—
	655	(69)	6,192	(6,381)	397
Balances at 31 December 2019	655	(69)	55,426	71,612	127,624

* 1,000 shares at US$0.0001 were issued on 22 November 2018.

	Attributable to the owners of the Company				
	Share capital	Treasury shares	Reserves	Retained earnings	Total equity
	RMB'000 (Note 23(a))	RMB'000 (Note 23(b))	RMB'000 (Note 23(c))	RMB'000	RMB'000
Balance at 1 January 2020	655	(69)	55,426	71,612	127,624
Comprehensive income					
Profit for the period	—	—	—	24,707	24,707
Transaction with owners					
Profit appropriations to statutory reserves	—	—	1,115	(1,115)	—
Balance at 30 June 2020	655	(69)	56,541	95,204	152,331
(Unaudited)					
Balance at 1 January 2019	—	—	49,234	26,283	75,517
Comprehensive income					
Profit for the period	—	—	—	21,795	21,795
Transaction with owners					
Issuance of ordinary shares (Note 23(a)(ii) and (iv))	586	—	(189)	—	397
Effect of adoption of restricted share unit scheme ("RSU Scheme") and share award scheme ("SA Scheme") (together the "Incentive Schemes") (Note 23(b))	69	(69)	—	—	—
Profit appropriations to statutory reserves	—	—	2,742	(2,742)	—
	655	(69)	2,553	(2,742)	397
Balance at 30 June 2019	655	(69)	51,787	45,336	97,709

Consolidated statements of cash flows

	Note	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash generated from operations	28(a)	19,715	55,700	60,602	36,102	37,214
Interest received		5	23	272	25	161
Income tax paid		—	(16,945)	(7,853)	(8,915)	(5,406)
Net cash generated from operating activities		19,720	38,778	53,021	27,212	31,969
Cash flows from investing activities						
Purchase of property, plant and equipment		(55)	(359)	(320)	(129)	(1,228)
Purchase of intangible assets		—	(69)	—	—	(164)
Purchase of financial assets at fair value through profit or loss		(74,500)	(150,000)	(168,700)	(108,500)	(126,350)
Proceeds from disposal of financial assets at fair value through profit or loss		79,989	137,865	149,229	92,219	77,277
Repayment from a former shareholder		200	—	—	—	—
Investment in an associate		—	—	—	—	(150)
Net cash generated from/(used in) investing activities		5,634	(12,563)	(19,791)	(16,410)	(50,615)
Cash flows from financing activities						
Return of capital to a former shareholder	23(c)(ii)	(29,250)	—	—	—	—
Capital injection to the Company	23(b)	—	—	69	—	—
Capital injection to a subsidiary of the Group from its shareholders	23(c)(ii)&(iii)	30,750	—	—	—	—
Proceeds from issuance of convertible redeemable preference shares	32	—	—	50,000	50,000	—
Repayment of loan from a director		(5,750)	—	—	—	—
Repayment of borrowing		(5,000)	—	—	—	—
Professional expenses paid in connection with the issuance of new shares during the listing process		—	(207)	(2,238)	(1,327)	(677)
Payments of lease liabilities	28(b)	(3,196)	(4,337)	(4,569)	(2,332)	(2,783)
Interest paid		(375)	—	—	—	—
Dividend paid	15	—	—	(36,400)	(35,000)	—
Net cash (used in)/generated from financing activities		(12,821)	(4,544)	6,862	11,341	(3,460)
Net increase/(decrease) in cash and cash equivalents		12,533	21,671	40,092	22,143	(22,106)
Effect on exchange rate difference		—	—	448	(232)	767
Cash and cash equivalents at the beginning of the year/period		1,926	14,459	36,130	36,130	76,670
Cash and cash equivalents at the end of the year/period	22	14,459	36,130	76,670	58,041	55,331

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganisation and basis of presentation

1.1 General information

The Company was incorporated in the Cayman Islands on 22 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the automobile advertising service in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company of the Company is XC Group Limited ("XC Group"). The ultimate controlling party of the Group is Mr. Xu Chong ("Mr. Xu").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Congshu Beijing Technology Limited ("樅樹(北京)科技有限公司") ("Congshu Beijing") and its subsidiaries (collectively, the "Operating Companies") in the PRC. The Operating Companies were controlled by Mr. Xu throughout the Track Record Period.

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation which primarily involved the following steps:

(a) On 22 November 2018, XC Group and ADYM Investments Limited ("ADYM Investments") were incorporated in the British Virgin Islands (the "BVI") and 100% and 100% held by Mr. Xu and Mr. Li Anding ("Mr. Li") respectively.

(b) On 22 November 2018, the Company was incorporated in the Cayman Islands, 950 and 50 shares of the Company were allotted and issued to XC Group and ADYM Investments, respectively.

(c) On 6 December 2018, Cheshi Investments Limited ("Cheshi BVI") was incorporated in the BVI and held by the Company.

(d) On 19 December 2018, Cheshi Hong Kong Limited ("Cheshi HK") was incorporated in Hong Kong and held by Cheshi BVI.

(e) Beijing Congshu Internet Technology Limited ("北京樅樹互聯科技有限公司" or "Congshu Internet") was incorporated as a wholly foreign-owned enterprise in the PRC on 30 January 2019 and held by Cheshi HK.

(f) On 15 May 2019, Congshu Internet entered into a series of contractual arrangements (collectively, the "Contractual Arrangements") with Congshu Beijing and its registered equity holders. Pursuant to the Contractual Arrangements, Congshu Internet is able to effectively control, recognise and receive substantially all the economic benefits of the business and operations of the Operating Companies. Consequently, the Company regards Congshu Beijing and its subsidiaries as controlled structured entities and consolidated the financial positions and results of operations of these entities in the consolidated financial statements of the Group during the Track Record Period.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Company name	Place and date of establishment/ incorporation	Particulars of issued and paid up capital	Effective interest held as at 31 December 2017	31 December 2018	31 December 2019	30 June 2020	the date of this report	Principal activities and place of operation	Notes
Directly owned:									
Cheshi BVI	The BVI, 6 December 2018	United states dollars ("US$") 1	—	100%	100%	100%	100%	Investment holding	(2)
Indirectly owned:									
Cheshi HK	Hong Kong, 19 December 2018	US$1,000	—	100%	100%	100%	100%	Investment holding	(3)
Congshu Beijing [1]	The PRC, 28 September 2015	Renminbi ("RMB") 35,750,000	100%	100%	100%	100%	100%	Automobile advertising service, the PRC	(2)
Congshu Hubei Technology Company Limited (樅樹（湖北）科技有限公司) ("Congshu Hubei") [1]	The PRC, 1 June 2018	RMB5,000	—	100%	100%	100%	100%	Automobile advertising service, the PRC	(2)
Beihai Congshu Technology Co., Ltd (北海樅樹科技有限公司) ("Beihai Congshu") [1]	The PRC, 6 November 2018	Note 7	—	100%	— (Note 7)	—	— (Note 7)	Dormant, the PRC	(2)
Huo'er Guosi Congshu Network Technology Co., Ltd (霍爾果斯樅樹網絡科技有限公司) ("Congshu Huo'er Guosi") [1]	The PRC, 15 September 2017	RMB5,000	100%	100%	— (Note 6)	—	— (Note 6)	Dormant, the PRC	(2)
Huo'er Guosi Online Cheshi Technology Co., Ltd (霍爾果斯網上車市科技有限公司) ("HG Technology") [1]	The PRC, 30 March 2018	RMB5,000	—	100%	— (Note 8)	—	— (Note 8)	Automobile advertising service, the PRC	(2)
Huo'er Guosi April Travel Technology Co., Ltd (霍爾果斯四月出行科技有限公司) ("April Travel") [1]	The PRC, 2 April 2018	Note 5	—	100%	— (Note 6)	—	— (Note 6)	Dormant, the PRC	(2)
Congshu Internet	The PRC, 30 January 2019	Note 9	—	—	100%	100%	100%	Dormant, the PRC	(2)
Beihai April Digits Technology Co., Ltd (北海四月行數字科技有限公司) [1]	The PRC, 26 December 2019	Note 9	—	—	100%	100%	100%	Dormant, the PRC	(2)
Beihai Congshu Advertising Media Co., Ltd (北海樅樹廣告傳媒有限公司) [1]	The PRC, 18 December 2019	Note 9	—	—	100%	100%	100%	Dormant, the PRC	(2)
Glory Tower Investments Limited ("Glory Tower")	The BVI, 30 May 2019	US$100	—	—	100%	100%	100%	Investment holding, Hong Kong	(10)
Colourful Sky International Limited ("Colourful Sky")	The BVI, 29 May 2019	US$100	—	—	100%	100%	100%	Investment holding, Hong Kong	(10)

Company name	Place and date of establishment/ incorporation	Particulars of issued and paid up capital	Effective interest held as at 31 December 2017	31 December 2018	31 December 2019	30 June 2020	the date of this report	Principal activities and place of operation	Notes
Beijing Union Vehicle Technology Co., Ltd (北京聯車科技有限公司) (1)	The PRC, 29 May 2020	Note 11	—	—	—	100%	100%	Dormant, the PRC	(2)
Congshu Internet (Guangzhou) Technology Co., Ltd (樅樹互聯（廣州）科技有限公司) (1)	The PRC, 4 June 2020	Note 11	—	—	—	100%	100%	Dormant, the PRC	(2)
Shanghai Vehicle Color Technology Co., Ltd (上海車彩科技有限公司) (1)	The PRC, 16 June 2020	Note 11	—	—	—	100%	100%	Dormant, the PRC	(2)
Chengdu Congshu Technology Co., Ltd (成都樅樹科技有限公司) (1)	The PRC, 16 June 2020	Note 11	—	—	—	100%	100%	Dormant, the PRC	(2)

Notes:

(1) The official names of these entities are in Chinese. The English names are for identification purpose only.

(2) No statutory financial statements have been prepared for these companies for the Track Record Period, as they are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(3) The company was newly established in late 2018 and its first statutory financial statements have been issued on 18 November 2020 which were audited by Tandem (HK) CPA Limited.

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

(5) No capital has been injected to April Travel up to the date of its deregistration.

(6) April Travel and Congshu Huo'er Guosi were deregistered on 2 January 2019 and 28 March 2019, respectively.

(7) Beihai Congshu was disposed of to an independent third party for a consideration of RMB2,000 on 26 April 2019. No capital has been injected to Beihai Congshu up to the date of the disposal.

(8) HG Technology was disposed of to an independent third party for a consideration of RMB1 on 27 May 2019.

(9) No capital has been injected to these companies up to the date of this report, and the companies were newly established in 2019.

(10) On 21 June 2019, Glory Tower and Colourful Sky were incorporated in the BVI as special purpose vehicles to hold shares and benefit derived from shares to be granted eligible grantees under Incentive Schemes to be adopted. As the Company has the power to govern the relevant activities of Glory Tower and Colourful Sky and can derive benefits from the contributions of the eligible management and employees, the directors of the Company consider that it is appropriate to consolidate Glory Tower and Colourful Sky.

(11) No capital has been injected to these companies up to the date of this report, and the companies were newly established in 2020.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business was carried out by the Operating Companies. Pursuant to the Reorganisation, the Operating Companies are under the effective control of Congshu Internet and ultimately the Company through the Contractual Arrangements. The Company and Congshu Internet newly set up during the Reorganisation have not been involved in any other business prior to the Reorganisation and their operations do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business and does not result in any changes in business substance, nor in any management or the controlling shareholder of the Listing Business. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under Congshu Beijing and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Congshu Beijing and its subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Congshu Beijing for all periods presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies now comprising the Group are eliminated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years/period presented.

In particular, the Group applied IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, which are effective during the Track Record Period, consistently throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") and convertible redeemable preference shares, which are measured at fair value.

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

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 (1)
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (3)
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use (2)
Amendments to IAS 37	Onerous Contract (2)
Amendments to IFRS 3	Reference to the Conceptual Framework (2)
Amendments to IFRS 10 and IFRS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture (4)
IFRS 17	Insurance Contracts (3)
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 (2)

(1) effective for accounting periods beginning on or after 1 January 2021

(2) effective for accounting periods beginning on or after 1 January 2022

(3) effective for accounting periods beginning on or after 1 January 2023

(4) no mandatory effective date is determined yet but early application is permitted

There are no standards that are not yet effective and that would be expected to have a material impact on the Group's financial performance and position.

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Subsidiaries controlled through contractual arrangements

As described in Note 1.2, during the Track Record Period, the wholly-owned subsidiary of the Company, Congshu Internet, has entered into a series of contractual arrangements with Congshu Beijing and its registered equity holders, which enable Congshu Internet and the Group to:

- govern the financial and operating policies of the Operating Companies;
- exercise registered equity holders' voting rights of the Operating Companies;
- be entitled to receive substantially all of the economic interest returns generated by the Operating Companies in consideration for the technology consulting and services provided by Congshu Internet;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in Congshu Beijing from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Congshu Internet may exercise such options at any time until it has acquired all equity interests of Congshu Beijing; and
- obtain a pledge over the entire equity interests of Congshu Beijing from its respective equity holders as collateral security for all of Congshu Beijing's payments due to Congshu Internet and to secure performance of Congshu Beijing's obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group has right to exercise power over the Operating Companies, receive variable returns from its involvement with the Operating Companies, has the ability to affect those returns through its power over the Operating Companies, and thus is considered to control the Operating Companies. Consequently, the Company regards Congshu Beijing and its subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group during the Track Record Period (refer to Note 1.3 for details of the related presentation basis).

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Congshu Beijing and its subsidiaries.

Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Congshu Beijing and its subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Congshu Internet, Congshu Beijing and its registered equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

(b) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(c) Associate

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

2.2.2 Separate financial statements

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

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

2.3 Changes in ownership interests

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

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

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group during the Track Record Period are within the PRC, the Group determined to present its Historical Financial Information in RMB.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other gains, net". Foreign exchange gains and losses that relate to financing related activities are presented in the consolidated statements of comprehensive income within "finance costs, net".

2.5.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statements of financial position;

(b) income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Computer and electric equipment	3 years
Office furniture and equipment	3 years
Asset retirement obligation	Over the remaining lease term
Leasehold improvement	Over the shorter of the lease terms or 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statements of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statements of comprehensive income.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of-use assets include the following:

- the amount of the initial measurement of lease liability
- lease payments made at or before the commencement date
- initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

2.7 Intangible assets

2.7.1 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2.7.2 Trademarks and domain names

Separately acquired trademarks and domain names are shown at historical cost. Trademarks and domain names acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and domain names have a finite useful life and are carried at cost less accumulated amortisation on the straight-line basis over the period of 10 years and impairment losses.

2.7.3 Customer relationships

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the period of 3 years.

2.7.4 Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 years.

2.7.5 Research and development expenditure

Research expenditure and development expenditure that do not meet the below criteria are recognised as an expense as incurred:

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

Development costs that meet the above criteria are recognised as intangible assets. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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

2.8 Impairment of non-financial assets

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

2.9 Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

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

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

(ii) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains, net in the period in which it arises.

(iv) Impairment

The Group has four types of financial assets subject to IFRS 9's expected credit loss model:

- trade receivables for provision of services;
- other receivables;
- contract assets; and
- cash and cash equivalents.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses practical expedients when estimating life time expected credit losses on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding. For details, please refer to Note 3.1.2.

For impairment methodology of other receivables, please refer to 3.1.2(ii)(c).

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

2.10 Offsetting financial instruments

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

The Group gives volume-based rebates to certain customers. Under the terms of the master agreements, certain amounts payable by the Group are offset against receivables from the customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the consolidated statements of financial position. On the contrary, the rest of the amounts will not be paid by the Group unless the receivables from the customers are collected. The relevant amounts have therefore been presented separately in the consolidated statements of financial position.

2.11 Trade, bill and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 180 days and therefore are all classified as current.

Trade, bill and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.12 Cash and cash equivalents

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

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after each of the reporting periods.

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Current and deferred income tax

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

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each of the reporting periods in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

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

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

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

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

2.16 Employee benefits

2.16.1 Pension obligations

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

2.16.2 Housing funds, medical insurance and other social insurance

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

2.16.3 Short-term obligations

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

2.16.4 Bonus plan

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

2.17 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount 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 each of the reporting periods. 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.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when or as the services are rendered to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

Control of the services is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group uses the output methods to measure the progress towards, recognising revenue based on direct measurements of the value transferred to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed its obligation, the Group presents the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

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

The Group principally derives revenue from online advertising income and transaction facilitation service income.

Online advertising income

During the Track Record Period, the Group principally provided advertising service to marketing agents in the automobile industry. Majority of the Group's online advertising service arrangements involve various deliverables such as banner advertisements, links and logos, and other media insertions that are delivered over different periods of time.

Online advertising income is recognised in each of the reporting periods during the Track Record Period in which the advertisements are published over the stated display period on its own online platform, other linked online portals, or mobile applications. The Group uses the output methods to measure the progress towards, recognising revenue based on direct measurements of the value transferred to the customers.

Since the Group has the ability to determine the pricing of the online advertising service and to take responsibility for monitoring the quality of advertising service provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognises revenue from advertising on a gross basis.

Marketing agents usually pay the advertisement after the whole contract is completed. The Group records contract assets when it has delivered the relevant services to the customers, while accounts receivables are recorded when the Group has unconditional rights to payments of online advertising service which are due according to the contract terms.

The online advertising service is often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the actual volume discounts. A refund liability (included in other payables) is recognised for volume discounts payable to customers in relation to sales made until the end of each of the reporting periods during the Track Record Period. While certain volume discounts payable by the Group are offset against receivables from the customers and only the net amounts are settled (Note 2.10).

Certain customers prepay for the online advertising service, the Group recognises these receipt in advance as contract liabilities until the Group transfers the relevant services to the customers.

Transaction facilitation service income

The Group is engaged in the provision of transaction facilitation service under which the Group assists car dealers or market agents in hosting exhibitions and advertising campaigns, facilitating the target customers in purchasing automobiles. Transaction facilitation service income is recognised in each of the reporting periods during the Track Record Period in which the exhibitions and advertising campaigns are carried out over-time.

Since the Group has the ability to determine the pricing of the transaction facilitation service and to take responsibility for monitoring the quality of the services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognises revenue from the transaction facilitation service on a gross basis.

Customers usually pay the service when the exhibitions or roadshows are completed. The Group records accounts receivables when the revenue is recognised since the Group has unconditional rights to payments of the services which are due according to the contract terms.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.19 Leases

The Group leases various properties to operate its business. Property leases are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to provide a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments, less any lease incentives receivable.

The lease payments are discounted using the entity specific incremental borrowing rate.

2.20 Interest income

Interest income from financial assets at FVTPL is included in "other gains, net".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

2.21 Borrowing and borrowing costs

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

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

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

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

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

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

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for employee share scheme.

(ii) Diluted earnings per share

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

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

2.23 Convertible redeemable preference shares

The Group designated the convertible redeemable preference shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in the consolidated statements of comprehensive income.

Subsequent to initial recognition, the convertible redeemable preference shares are carried at fair value with changes in fair value recognised as "other gains, net" in the consolidated statements of comprehensive income.

The component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in the statement of comprehensive income, but are transferred to retained earnings when realised.

2.24 Government grants

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

Government grants relating to costs are deferred and recognised in the comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factor

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

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

The Group operates mainly in the PRC with most of the transactions settled in RMB, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

As at 31 December 2019 and 30 June 2020, if RMB has strengthened/weakened by 5% against US$ with all other variables held constant, the post-tax profit and total equity would have been approximately RMB2,383,000 and RMB2,384,000 lower/higher, respectively, mainly as a result of foreign exchange losses/gains on translation of US$ denominated cash and cash equivalents.

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, details of which have been disclosed in Note 22.

The fixed rate amount due to a director, convertible redeemable preference shares and borrowing are subject to fair value interest rate risk, which are monitored through contractual terms, and the Group does not use derivatives to hedge the interest rate risk.

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, financial assets carried at FVTPL, trade and bill receivables, contract assets and deposits and other receivables.

(i) Risk management

As at the end of each of the Track Record Period, all cash and cash equivalents and financial assets carried at FVTPL were deposited in high quality financial institutions without significant credit risk. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group has concentrations of credit risk which arise from trade receivables from its customers. Trade receivables from the Group's five largest customers in aggregate account for 42%, 43% and 46% and 52% of the Group's total trade receivables at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively. The credit quality of the debtors is assessed based on their financial positions, past experience, expected loss rates based on the payment profiles of sales over the Track Record Period, and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. The Group's historical experience in collection of receivables falls within recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

For deposits, bill and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits, bill and other receivables based on historical settlement records, past experience, expected loss rates based on the payment profiles of sales over the Track Record Period, and other factors. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of deposits, bill and other receivables. For the provision made to the deposits and other receivables balance, please refer to Note 20.

(ii) Impairment of financial assets

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

a. Trade receivables;

b. Contract assets;

c. Deposits, bill and other receivables.

Trade receivables and contract assets

The Group applies the simplified approach to provide for the expected credit loss prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past recognition. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product index ("GDP") of the PRC in which it provides its services to be the most relevant factors, and accordingly adjust the historical loss rate based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst other, the failure of a debtor to engage in a repayment plan within the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

	By recognition date of gross trade receivables and contract assets						
31 December 2017	**Within 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 365 days**	**Total**
Expected loss rate	1.26%	1.47%	1.52%	1.58%	2.33%	56.00%	
Gross carrying amount—trade receivables (in RMB'000)	26,909	7,639	15,575	18,013	12,570	1,122	81,828
Gross carrying amount—contract assets (in RMB'000)	2,920	—	—	—	—	—	2,920
Loss allowance (RMB'000)	376	112	237	285	293	628	1,931

	By recognition date of gross trade receivables and contract assets						
31 December 2018	**Within 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 365 days**	**Total**
Expected loss rate	3.13%	3.43%	3.56%	3.74%	5.65%	61.08%	
Gross carrying amount—trade receivables (in RMB'000)	35,355	14,335	12,653	24,969	15,602	7,701	110,615
Gross carrying amount—contract assets (in RMB'000)	6,445	—	—	—	—	—	6,445
Loss allowance (RMB'000)	1,307	491	450	934	882	4,704	8,768

	By recognition date of gross trade receivables and contract assets						
31 December 2019	**Within 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 365 days**	**Total**
Expected loss rate	1.33%	1.41%	1.45%	1.55%	2.66%	13.14%	
Gross carrying amount—trade receivables (in RMB'000)	25,879	13,731	9,093	22,441	28,303	3,416	102,863

31 December 2019	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
	By recognition date of gross trade receivables and contract assets						
Gross carrying amount—contract assets (in RMB'000)	8,165	—	—	—	—	—	8,165
Loss allowance (RMB'000)	454	193	132	348	753	449	2,329

30 June 2020	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
	By recognition date of gross trade receivables and contract assets						
Expected loss rate	3.09%	3.24%	3.31%	3.40%	4.90%	16.90%	
Gross carrying amount—trade receivables (in RMB'000)	9,475	16,337	8,620	15,882	22,486	7,945	80,745
Gross carrying amount—contract assets (in RMB'000)	2,915	—	—	—	—	—	2,915
Loss allowance (RMB'000)	383	530	285	540	1,102	1,343	4,183

The closing loss allowances for trade receivables and contract assets as at 31 December 2017, 2018 and 2019 and 30 June 2020 reconcile to the opening loss allowances as follows:

	Contract assets				Trade receivables			
	31 December			30 June	31 December			30 June
	2017	2018	2019	2020	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening loss allowance	82	37	201	109	1,391	1,894	8,567	2,220
Increase in loss allowance recognised in profit or loss during the year/period	37	201	287	90	2,564	8,389	11,946	162
Collection of bad debt written off/(written off) of contract assets and receivables during the year/period as uncollectible, net	—	—	(178)	—	(689)	—	(9,964)	3,727
Unused amount reversed	(82)	(37)	(201)	(109)	(1,372)	(1,716)	(8,329)	(2,016)
At 31 December/ 30 June	37	201	109	90	1,894	8,567	2,220	4,093

Deposits, bill and other receivables

Deposits, bill and other receivables at the end of each reporting periods were mainly rental and other deposits and bill receivables. The directors of the Company consider the probability of default upon initial recognition of the asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

Management makes periodic collective assessments as well as individual assessment on the recoverability of deposits, bill and other receivables based on historical settlement records and past experience. A significant increase in credit risk is presumed if a debtor is more than 180 days past due in making a contractual payment/repayable demanded.

The directors of the Company believe that there was no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

3.1.3 Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017						
Trade payables	4,822	—	—	—	4,822	4,822
Accruals and other payables *	9,267	—	74	—	9,341	9,332
Lease liabilities	3,519	2,195	38	—	5,752	5,365
Amount due to a director	2	—	—	—	2	2
	17,610	2,195	112	—	19,917	19,521

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018						
Trade payables	4,898	—	—	—	4,898	4,898
Accruals and other payables *	10,979	74	—	—	11,053	11,050
Lease liabilities	3,427	38	—	—	3,465	3,407
Dividend payable	50,000	—	—	—	50,000	50,000
	69,304	112	—	—	69,416	69,355

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019						
Trade payables	5,519	—	—	—	5,519	5,519
Accruals and other payables *	20,056	—	—	—	20,056	20,056

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	562	—	—	—	562	555
Dividend payable	13,600	—	—	—	13,600	13,600
Convertible redeemable preference shares . . .	—	53,164	—	—	53,164	48,377
	39,737	53,164	—	—	92,901	88,107

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2020						
Trade payables	5,136	—	—	—	5,136	5,136
Accruals and other payables *	22,501	—	—	—	22,501	22,501
Lease liabilities	5,311	4,457	3,820	—	13,588	12,786
Dividend payable	13,600	—	—	—	13,600	13,600
Convertible redeemable preference shares . . .	—	53,164	—	—	53,164	42,445
	46,548	57,621	3,820	—	107,989	96,468

* Excluding other taxes payables and accrued payroll and welfare.

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2017				
Financial assets at FVTPL	—	—	7,148	7,148
As at 31 December 2018				
Financial assets at FVTPL	—	—	20,300	20,300
As at 31 December 2019				
Financial assets at FVTPL	—	—	41,656	41,656
As at 30 June 2020				
Financial assets at FVTPL	—	—	92,391	92,391

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2019				
Convertible redeemable preference shares	—	—	48,377	48,377
As at 30 June 2020				
Convertible redeemable preference shares	—	—	42,445	42,445

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

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of each of the reporting periods.

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3.3.2 Valuation technique and process used to determine fair value

The finance department of the Group includes a team that performs the valuation of financial assets or liabilities carried at FVTPL required for financial reporting purposes, including level 3 fair values. This team reports directly to the board of directors. Discussions of valuation processes and results are held between the board of directors and the valuation team.

Financial assets at FVTPL

The valuation technique used to value financial instruments include the benchmarking of the expected cash inflows at the maturity of the instruments.

The main level 3 inputs used by the Group are derived and evaluated as the return rates, which are estimated based on the terms of the contract and the Group's knowledge of the financial assets and how the current economic environment is likely to impact it.

Convertible redeemable preference shares

The Group has used the market approach to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of the Series A Preferred Shares as at the date of issuance and at the end of each reporting periods.

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

3.3.3 Fair value measurements using significant unobservable inputs (level 3)

(a) The following table presents the changes in level 3 item financial assets at FVTPL for the Track Record Period:

	Wealth management products at fair value through profit and loss
	RMB'000
Opening balance 1 January 2017	**12,046**
Acquisitions	74,500
Redemption	(79,989)
Gains recognised in other gains *	591
Closing balance 31 December 2017	**7,148**
Acquisitions	150,000
Redemption	(137,865)
Gains recognised in other gains *	1,017
Closing balance 31 December 2018	**20,300**
Acquisitions	168,700
Redemption	(149,229)
Gains recognised in other gains *	1,885
Closing balance 31 December 2019	**41,656**
Acquisitions	126,350
Redemption	(77,277)
Gains recognised in other gains *	1,662
Closing balance 30 June 2020	**92,391**

* includes unrealised gains recognised in profit or loss attributable to balances held at the end of each of the reporting periods

	RMB'000
Year ended 31 December 2017	148
Year ended 31 December 2018	300
Year ended 31 December 2019	656
Six months ended 30 June 2019	292
Six months ended 30 June 2020	891

(b) For changes in level 3 item convertible redeemable preference shares for the Track Record Period, please refer to Note 32(c).

3.3.4 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See 3.3.2 above for the valuation techniques adopted.

	Fair value at					Range of inputs				Relationship of unobservable inputs to fair value
	31 December			30 June		31 December			30 June	
Description	2017	2018	2019	2020	Un-observable inputs	2017	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	RMB'000						
Wealth management products	7,148	20,300	41,656	92,391	Return rates	4.9%	4.9%	4.4%	3.7%	A shift of the return rate by +/-5% results in a change in fair value of RMB7,400, RMB15,003, RMB 32,801 and RMB44,530 for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020
Convertible redeemable preference shares	N/A	N/A	48,377	42,445	Equity value	N/A	N/A	RMB 1,221,632,000	RMB 1,024,970,000	A shift of the equity value by +/-5% results in a change in fair value of RMB2.1 million and RMB 1.9 million for the year ended 31 December 2019 and six months ended 30 June 2020

Description	Fair value at 31 December			Fair value at 30 June	Un-observable inputs	Range of inputs 31 December			Range of inputs 30 June	Relationship of unobservable inputs to fair value
	2017	2018	2019	2020		2017	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	RMB'000						
					Discounts for lack of marketability ("DLOM")	N/A	N/A	25.0%	20%	A shift of the DLOM by +/-1% results in a change in fair value of RMB0.6 million and RMB0.5 million for the year ended 31 December 2019 and six months ended 30 June 2020
					Volatility	N/A	N/A	42.25%	46.43%	A shift of the volatility by +/-5% results in a change in fair value of RMB0.3 million and RMB0.1 million for the year ended 31 December 2019 and six months ended 30 June 2020

3.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset, or subject to agreements but not offset, as at each of the reporting periods during the Track Record Period. The column "net amounts" shows the impact on the Group's consolidated statements of financial position if all set-off rights were exercised.

	Effects of offsetting on the consolidated statement of financial position			Related amount not offset	
	Gross amounts	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Amounts subject to sales contracts	Net amounts
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2017					
Financial assets					
Trade and bill receivables (a) (b)	95,694	(14,160)	81,534	(1,880)	79,654
Financial liabilities					
Accruals and other payables (a) (b)	38,668	(14,160)	24,508	(1,880)	22,628
31 December 2018					
Financial assets					
Trade and bill receivables (a) (b)	131,654	(29,306)	102,348	(2,481)	99,867
Financial liabilities					
Accruals and other payables (a) (b)	71,963	(29,306)	42,657	(2,481)	40,176
31 December 2019					
Financial assets					
Trade and bill receivables (a) (b)	145,094	(30,531)	114,563	(524)	114,039
Financial liabilities					
Accruals and other payables (a) (b)	91,207	(30,531)	60,676	(524)	60,152
30 June 2020					
Financial assets					
Trade and bill receivables (a) (b)	118,168	(26,657)	91,511	(272)	91,239
Financial liabilities					
Accruals and other payables (a) (b)	78,013	(26,657)	51,356	(272)	51,084

(a) Trade receivables and payables offsetting arrangements

The Group gives volume-based rebates to certain customers. Under the terms of the master agreements, certain amounts payable by the Group are offset against receivables from the customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the consolidated statements of financial position. On the contrary, the rest of the amounts will not be paid by the Group unless the receivables from the customers are collected. The relevant amounts have therefore been presented separately in the table above.

(b) Sale contracts—not currently enforceable

Under the terms of certain sale contracts, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements will be terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the consolidated statements of financial position, but have been presented separately in the table above.

4 Critical estimates, judgements and assumptions

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

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

(a) Estimation of the fair value of financial assets at FVTPL and convertible redeemable preference shares

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting periods. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(b) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts specific to the industry in which the cash-generating unit operates. Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(c) Impairment of receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting periods.

(d) Income taxes and deferred taxations

The Group is subject to income taxes in the PRC and other jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management consider it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Contractual arrangements

The Group conducts its business through the Operating Companies in the PRC. Due to the regulatory restrictions on the foreign ownership of the Listing Business in the PRC, the Group does not have any equity interest in Congshu Beijing. The Directors assessed whether or not the Group has control over the Operating Companies by assessing whether it has the rights to variable returns from its involvement with the Operating Companies. After assessment, the Directors concluded that the Group has control over the Operating Companies as a result of the Contractual Arrangements and accordingly the financial position and the operating results of the Operating Companies are included in the Group's consolidated financial statements throughout the Track Record Period or since the respective dates of incorporation/establishment, whichever is the shorter period. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Operating Companies and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Operating Companies. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with Congshu Beijing and its registered equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions. The CODM considers that the Group has two operating and reporting segments and assesses the performance of these segments based on revenue. No information of segment results, segment assets and liabilities are presented since the resources allocation and performance assessment does not include the segment results, assets and liabilities.

As a result of this evaluation, the Group determined that it has operating segments as follows:

- the provision of automobile-related advertising service and publication of automobile-related articles and videos, both of which are published on the Group's online platform ("Online advertising service");
- the provision of transaction facilitation service, which the Group assists car dealers or marketing agents in hosting exhibitions and advertising campaigns, facilitating the target customers in purchasing automobiles ("Transaction facilitation service").

Geographical information

All the revenue of the Group was generated in the PRC during the Track Record Period. All non-current assets were kept in the PRC during the Track Record Period.

The revenue geographical information above is based on where the Company and the subsidiaries are located. The non-current asset information above is based on the locations of the assets.

6 Revenue

(a) An analysis of the Group's revenue during Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from contracts with customers:					
Recognised over time					
Online advertising service	117,578	157,757	175,055	75,151	58,720
Transaction facilitation service	—	90	2,560	2,353	177
	117,578	157,847	177,615	77,504	58,897

(b) Information about the major customer

Revenue from transactions with the external customer accounting for 10% or more of Group's total revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	14,839	25,435	19,927	13,445	10,450

(c) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

		As at 31 December			As at 30 June
	Note	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	(i)	2,920	6,445	8,165	2,915
Loss allowance		(37)	(201)	(109)	(90)
Total contract assets		2,883	6,244	8,056	2,825
Contract liabilities		750	846	3,765	3,600

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the Group has provided more services ahead of the right to payment as at 31 December 2018 compared to 31 December 2017, and as at 31 December 2019 compared to 31 December 2018. There are significant changes in contract assets as at 30 June 2020 compared to 31 December 2019 as the Group has provided less services ahead of the right to payment.

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for contract assets. Impairment of RMB37,000, RMB201,000, RMB109,000 and RMB90,000 were made as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

There are no significant changes in contract liabilities as at 31 December 2017 and 2018. Contract liabilities increased as at 31 December 2019 as the Group fulfilled less services regarding to contracts which require customers to prepay ahead as at 31 December 2019 as compared to 31 December 2018. There are no significant changes in contract liabilities as 30 June 2020 compared to 31 December 2019.

(ii) The movement of contract liabilities is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
As at the beginning of the year/ period	733	750	846	846	3,765
Additions	3,836	3,686	4,750	1,227	761
Revenue recognised	(3,819)	(3,590)	(1,831)	(746)	(926)
As at the end of the year/period	750	846	3,765	1,327	3,600

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	733	750	846	641	926

(iv) Unsatisfied long-term online advertising contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term online advertising contracts:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Aggregate amount of the transaction price allocated to long-term online advertising contracts that are partially or fully unsatisfied as at 31 December/30 June	5,112	1,696	4,679	912	8,870

Management expects that 96%, 94% and 100% of the transaction price allocated to unsatisfied performance obligations as at 31 December 2017, 2018 and 2019 will be recognised as revenue during the next reporting period amounted to RMB4,908,000, RMB1,594,000 and RMB4,679,000 respectively. The remaining 4% and 6% of the unsatisfied performance obligations as at 31 December 2017 and 2018 amounted to RMB204,000 and RMB102,000 have been recognised in the 2019 and 2020 respectively.

Management expects that 100% and 95% of the transaction price allocated to unsatisfied performance obligations as at 30 June 2019 and 2020 will be recognised as revenue within one year from 30 June 2019 and 30 June 2020 amounted to RMB912,000 and RMB8,427,000 respectively. The remaining 5% of the unsatisfied performance obligations as at 30 June 2020 amounted to RMB443,000 will be recognised within one year from 30 June 2021.

7 Expenses by nature

Expenses included in (net impairment loss)/reversal of net impairment loss on financial assets, cost of providing services, selling and distribution expenses, administrative expenses and research & development expenses are analysed as follows:

		Year ended 31 December			Six months ended 30 June	
	Note	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Marketing and promotion expenses		23,485	8,400	13,749	4,355	5,277
Amortisation of intangible assets(1)	17	1,359	1,302	960	474	476
Depreciation of property, plant and equipment(2)	16	243	282	221	101	190
Depreciation of right-of-use assets(2)	16	3,169	4,421	3,989	2,062	2,888
Employee benefit expenses	8	29,728	48,899	53,801	25,624	19,507
Expense of website maintenance and internet improvement		2,147	2,573	6,979	1,433	1,232
Advertisement production and other direct expenses		7,679	11,331	17,809	9,884	4,817
Listing expenses		—	2,926	15,659	9,505	3,666
Other taxes		2,897	3,409	2,212	1,131	1,204
Legal and professional fee		835	677	1,293	259	1,224
Provision for impairment/ (reversal of provision for impairment) of trade receivables and contract assets		1,147	6,837	4,211	(6,221)	1,854
Reversal of bad debt previously written off		—	—	(508)	(460)	(3,727)
Write-off of deposits and other receivables		239	—	—	—	—
Miscellaneous		7,752	8,120	6,870	3,691	2,117
		80,680	99,177	127,245	51,838	40,725

(1) Amortisation expenses were charged to the following categories of expenses:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of providing services	935	935	935	467	468
Selling and distribution expenses	424	354	—	—	—
Administrative expenses	—	13	25	7	8
	1,359	1,302	960	474	476

(2) Depreciation expenses were charged to the following categories of expenses:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of providing services	—	54	100	46	61
Selling and distribution expenses	1,165	1,199	745	437	504
Administrative expenses	1,684	2,799	2,894	1,429	2,258
Research and development expenses	563	651	471	251	255
	3,412	4,703	4,210	2,163	3,078

(3) Research and development expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation of property, plant and equipment	563	651	471	251	255
Employee benefit expenses	2,794	4,862	5,621	2,885	2,085
Expense of website maintenance and internet improvement	1,303	2,299	6,370	1,065	864
Miscellaneous	183	11	45	42	71
	4,843	7,823	12,507	4,243	3,275

8 Employee benefit expenses (including directors' emoluments)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	22,843	40,935	45,332	21,206	17,274
Pension costs—defined contribution plans	2,931	3,153	3,155	1,768	270
Other social security costs, housing benefits and other employee benefits	3,954	4,811	5,314	2,650	1,963
	29,728	48,899	53,801	25,624	19,507

(a) Pension cost—defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a monthly cap of HK$1,500 and thereafter contributions are voluntary.

(b) Directors' and chief executives' emoluments

The remuneration of directors and chief executive officer for the year ended 31 December 2017 is set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking				
	Fee	Salaries	Discretionary bonuses	Defined contribution pension costs	Other allowances and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Xu	—	361	30	51	64	506
Mr. Liu Lei	—	996	420	51	64	1,531
Ms. Suo Yan	—	359	30	51	64	504
	—	1,716	480	153	192	2,541

The remuneration of directors and chief executive officer for the year ended 31 December 2018 is set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking				
	Fee	Salaries	Discretionary bonuses	Defined contribution pension costs	Other allowances and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Xu	—	366	300	55	70	791
Mr. Liu Lei	—	726	660	55	70	1,511
Ms. Suo Yan	—	366	144	55	70	635
Mr. Zhu Boyang	—	102	198	8	16	324
	—	1,560	1,302	173	226	3,261

The remuneration of directors and chief executive officer for the year ended 31 December 2019 is set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking				
	Fee	Salaries	Discretionary bonuses	Defined contribution pension costs	Other allowances and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Xu	—	366	300	52	76	794
Mr. Liu Lei	—	926	1,300	52	76	2,354
Ms. Suo Yan	—	366	144	52	76	638
Mr. Zhu Boyang	—	919	300	43	36	1,298
	—	2,577	2,044	199	264	5,084

The remuneration of directors and chief executive officer for the six months ended 30 June 2020 is set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking				
	Fee	Salaries	Discretionary bonuses	Defined contribution pension costs	Other allowances and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Xu	—	182	—	4	31	217
Mr. Liu Lei	—	482	—	5	16	503
Ms. Suo Yan	—	182	—	4	31	217
Mr. Zhu Boyang	—	513	—	8	—	521
	—	1,359	—	21	78	1,458

The remuneration of directors and chief executive officer for the six months ended 30 June 2019 (unaudited) is set out below:

	Emoluments paid or receivable in respect of a person's service as a director, whether of the Company or its subsidiary undertakings	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking				
	Fee	**Salaries**	**Discretionary bonuses**	**Defined contribution pension costs**	**Other allowances and benefits in kind**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Executive directors						
Mr. Xu	—	183	15	29	37	264
Mr. Liu Lei	—	443	—	29	37	509
Ms. Suo Yan	—	183	15	29	37	264
Mr. Zhu Boyang	—	500	8	29	36	573
	—	1,309	38	116	147	1,610

(i) Mr. Xu is the Chief Executive Officer of the Company.

(ii) There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

(iii) The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Operating Subsidiaries and no directors waived any emolument during each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

(iv) No director fees were paid to these directors in their capacity as directors of the Company or the Operating Subsidiaries and no emoluments were paid by the Company or the Operating Subsidiaries to the directors as an inducement to join the Company or the Operating Subsidiaries, or as compensation for loss of office during each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

(v) Mr. Xu was appointed as the Company's executive director on 22 November 2018. Mr.Liu Lei, Mr. Zhu Boyang and Ms. Suo Yan were appointed as the Company's executive directors on 27 May 2019. Mr. Xu Xiangyang, Mr. Li Ming and Mr. Ng Jack Ho Wan were appointed as the Company's independent non-executive directors on 8 December 2020. During the Track Record Period, the independent non-executive directors had not yet been appointed and did not receive any remuneration in their capacity as the Company's directors.

(c) Benefits and interests of directors

Except for benefits disclosed above, there were no other benefits offered to the directors of the Company.

(d) Directors' retirement and termination benefits

None of the directors of the Company received or will receive any retirement benefits or termination benefits in respect of their services to the Group for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

(e) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group had not paid any consideration to any third parties for making available directors' services to the Group.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Group in favour of the directors of the Company, or body corporate controlled by or entities connected with any of the directors of the Company at the end of each of the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 or at any time during the Track Record Period.

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 or at any time during the Track Record Period.

(h) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 include 2, Nil, 2, 2 and 2 directors whose emoluments are reflected in the analysis presented above, respectively. The aggregate amounts of emoluments for the remaining 3, 5, 3, 3 and 3 individuals for each of the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, respectively are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	2,207	9,485	5,040	1,513	1,063
Pension costs—defined contribution plans	142	230	156	87	13
Other social security costs, housing benefits and other employee benefits	179	293	228	111	72
	2,528	10,008	5,424	1,711	1,148

The emoluments of those individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019 (Unaudited)	2020
Emolument bands					
Nil—HK$1,000,000	2	—	—	3	3
HK$1,000,001—HK$1,500,000	1	—	—	—	—
HK$1,500,001—HK$2,000,000	—	2	2	—	—
HK$2,000,001—HK$2,500,000	—	—	1	—	—
HK$2,500,001—HK$3,000,000	—	3	—	—	—
	3	5	3	3	3

9 Other income

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Income from the provision of IT service	425	—	—	—	—
Government grant (Note a)	15	25	800	—	402
Confiscation of deposits received	—	13	—	—	—
Value added tax super credit	—	—	1,372	346	750
Others	3	93	884	313	512
	443	131	3,056	659	1,664

Note a: There are no unfulfilled conditions and other contingencies attached to the government grant.

10 Other gains, net

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value gain on financial assets at FVTPL	591	1,017	1,885	841	1,662
Fair value gain on convertible redeemable preference shares	—	—	1,623	—	5,932
Gain from termination of lease	16	16	3	—	—
Loss on disposal of subsidiaries, net (Note 31)	—	—	(30)	(30)	—
Exchange gain/(loss)	—	2	451	(237)	772
	607	1,035	3,932	574	8,366

11 Finance (costs)/income, net

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income:					
Interest income on bank deposits	5	23	383	25	161
Finance expense:					
Interest expense on amount due to a director	(125)	—	—	—	—
Interest expense on lease liabilities	(174)	(187)	(84)	(57)	(223)
	(299)	(187)	(84)	(57)	(223)
	(294)	(164)	299	(32)	(62)

12 Interest in an associate

On 6 March 2020, the Group subscribed for 15% of the registered capital of Leikewo (Beijing) Technology Limited (雷柯沃(北京)科技有限公司) ("Leikewo") at a cash consideration of RMB150,000. Leikewo is principally engaged in automobile advertising service in the PRC.

The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Company name	Place and date of establishment/ incorporation	Particulars of issued paid up capital	Effective interest held as at 30 June 2020	Effective interest held as at The date of this report	Principal activities and place of operation	Note
Leikewo (Beijing) Technology Limited	The PRC, 6 March 2020	RMB 1,000,000	15%	15%	Automobile advertising service, the PRC	(1)

(1) Private entity — no quoted price available.

The carrying amount of the interest in an associate has changed as follows for the six months ended 30 June 2020:

	2020
	RMB'000
Opening balance 1 January	—
Additions	150
Share of loss for the period	(56)
Closing balance 30 June	94

Financial information of Leikewo as at 30 June 2020 and for the six months ended 30 June 2020:

	2020
	RMB'000
Net assets of Leikewo	628
Loss for the period	372

There are no commitments and contingent liabilities relating to the Group's interest in the associate, and no commitments and contingent liabilities of the associate itself.

Management has assessed the level of influence that the Group has on Leikewo and determined that it has significant influence even though the shareholding is below 20% because of the representation in meetings which govern the financial and operating decisions of Leikewo. Therefore, Leikewo has been classified as an associated company.

13 Income tax expense

The Group's principal applicable taxes and tax rates are as follows:

(a) Cayman Islands

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) British Virgin Islands

The Group's entities incorporated in British Virgin Islands are not subject to tax on income or capital gains.

(c) Hong Kong

The Group's entities incorporated in Hong Kong are subject to Hong Kong profits tax of 8.25% for the first HK$2 million of the estimated assessables profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% on the remaining estimated assessables profits during the Track Record Period.

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The statutory PRC CIT rate is 25% for the Track Record Period.

One subsidiary of the Group in the PRC was approved as High and New Technology Enterprise on 25 October 2017, and accordingly, it was subject to a reduced preferential CIT rate of 15% for the years ended 31 December 2018 and 2019, and for the six months ended 30 June 2020, according to the applicable CIT Law.

During the year ended 31 December 2019, one of the subsidiaries of the Group has re-submitted its tax filing report for the year ended 31 December 2017. As a result of the reassessment performed by the PRC tax authority, tax refund amounted to RMB5,431,000 was received by the subsidiary, representing the difference between the statutory PRC CIT rate and the preferential CIT tax rate.

(e) Withholding tax on undistributed profits

According to CIT law, distribution of profits earned by PRC companies since 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas—incorporated immediate holding companies. During the Track Record Period, the Group does not have any profit distribution plan. Deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profits amounting to RMB3,345,000, RMB2,628,000 and RMB7,034,000, RMB4,593,000 and RMB8,766,000 as at 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 respectively of the Group's subsidiaries in Mainland China earned after 1 January 2008 because the Group does not have a plan to distribute these earnings from its PRC subsidiaries. The Group has the discretion to do so and it will re-invest in those PRC subsidiaries in the future.

	Year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Current income tax	9,929	12,885	11,326	4,018	5,166
Over-provision in respect of prior year	—	—	(5,431)	—	—
Deferred income tax (Note 27)	250	(816)	52	1,054	(1,789)
Income tax expense	10,179	12,069	5,947	5,072	3,377

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

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	37,654	59,672	57,657	26,867	28,084
Tax calculated at PRC statutory income tax rate of 25%	9,414	14,918	14,414	6,717	7,021
Tax effects of:					
Preferential tax rate of a subsidiary	—	(6,095)	(5,402)	(2,757)	(1,944)
Different jurisdiction	—	—	(236)	150	(1,515)
Income not subject to tax	(25)	(23)	(152)	(47)	(612)
Expenses not deductible for tax	790	4,005	3,930	1,009	637
Tax incentives for research and development expenses*	—	(736)	(1,176)	—	(240)
Over-provision in respect of prior year	—	—	(5,431)	—	—
Unrecognised temporary differences	—	—	—	—	30
Income tax expense	10,179	12,069	5,947	5,072	3,377

* Pursuant to Caishui [2018] circular No. 99, enterprises engaging in research and development activities are entitled to claim 175% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The additional deduction of 75% of qualified research and development expenses is subject to the approval from the relevant tax authorities in the annual CIT filling. The Group has made its best estimate for the Super Deduction to be claimed in ascertaining the assessable profits for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

14 Earnings per share

In determining the weighted average number of ordinary shares deemed to be in issue during the Track Record Period, 850,000,000 ordinary shares being the number of issued ordinary shares of the Company as at 30 June 2020, were deemed to have been issued and allocated on 1 January 2017 as if the Company has been incorporated by then. In addition, the aforementioned 850,000,000 ordinary shares have been adjusted and applied retrospectively for the proportional changes in the number of ordinary shares with corresponding change in resources as a result of the issuance of ordinary shares by the Company as part of the Group reorganisation described in Note 1.2 when computing the basic and diluted earnings per share for each year of the Track Record Period.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to equity owners of the Company by the weighted average number of outstanding ordinary shares in issue during the Track Record Period.

Pursuant to clause 4.6.3 of the Pre-IPO Shareholder's Agreement signed between the Company and the Pre-IPO investor, the Series A Preferred Shares were converted to ordinary shares on 21 June 2019. However, according to clause 4.6.2 of the Pre-IPO Shareholder's Agreement, the ordinary share can be converted back to Series A Preferred Shares when the listing event has been denied, rejected or dismissed. Hence, the above said ordinary shares continued being recognised as Series A Preferred Shares according to the substance. Accordingly, the aforesaid ordinary shares and the 25,000,000 bonus shares as further detailed in Note 23(a)(iv) were not included in the calculation of basic earnings per share.

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
				(Unaudited)	
Profit attributable to equity owners of the Company (RMB'000)	27,475	47,603	51,710	21,795	24,707
Weighted average number of ordinary shares in issue	850,000,000	850,000,000	850,000,000	850,000,000	850,000,000
Basic earnings per share (in RMB/share)	0.03	0.06	0.06	0.03	0.03

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2019 and six months ended 30 June 2019 and 2020, the diluted earnings per share was calculated by considering the impact of the aforesaid 25,000,000 Series A Preferred Shares and 25,000,000 bonus shares, in which the related redemption feature of the Pre-IPO Shareholder's Agreement is in the money and has dilutive impact on the earnings per share calculation. The Series A Preferred Shares and bonus shares are further detailed in Note 23(a)(iv).

	Year ended 31 December			Six months ended 30 June	
Diluted earnings per share	**2017**	**2018**	**2019**	**2019**	**2020**
				(Unaudited)	
Profit attributable to equity owners of the Company (RMB'000) (i)	27,475	47,603	50,087	21,795	18,775
Weighted average number of ordinary shares in issue (ii)	850,000,000	850,000,000	880,000,000	859,668,508	900,000,000
Diluted earnings per share (in RMB/share)	0.03	0.06	0.06	0.03	0.02

(i) Reconciliations of earnings used in calculating diluted earnings per share

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit attributable to the ordinary equity owners of the Company:					
Used in calculating basic earnings per share	27,475	47,603	51,710	21,795	24,707
Less: fair value gain on convertible redeemable preference shares	—	—	(1,623)	—	(5,932)
Used in calculating diluted earnings per share	27,475	47,603	50,087	21,795	18,775

(ii) Weighted average number of shares used as the denominator

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
				(Unaudited)	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	850,000,000	850,000,000	850,000,000	850,000,000	850,000,000
Adjustments for calculation of diluted earnings per share: Convertible redeemable preference share	—	—	30,000,000	9,668,508	50,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	850,000,000	850,000,000	880,000,000	859,668,508	900,000,000

15 Dividend

No dividend has been paid or declared by the Company since its incorporation.

During the year ended 31 December 2018, dividend amounting to RMB21,000,000 in relation to the year ended 31 December 2017 and RMB29,000,000 in relation to the year ended 31 December 2018 was declared and payable by a company now comprising the Group to its then shareholders. RMB5,000,000, RMB30,000,000 and RMB1,400,000 were subsequently paid on 30 January 2019, 23 May 2019 and 30 October 2019 respectively.

16 Property, plant and equipment and right-of-use assets

	Computer and electronic equipment	Office furniture and equipment	Asset retirement obligation	Leasehold improvement	Property, plant and equipment Total	Right-of-use assets (Note 1)	Property, plant and equipment and right-of-use assets Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017							
Cost	555	6	98	—	659	4,835	5,494
Accumulated depreciation	(210)	(1)	(25)	—	(236)	(1,420)	(1,656)
Net book amount	345	5	73	—	423	3,415	3,838
Year ended 31 December 2017							
Opening net book amount	345	5	73	—	423	3,415	3,838
Additions	55	—	67	—	122	5,145	5,267
Termination of lease	—	—	—	—	—	(218)	(218)
Depreciation	(191)	(2)	(50)	—	(243)	(3,169)	(3,412)
Closing net book amount	209	3	90	—	302	5,173	5,475
At 31 December 2017							
Cost	610	6	165	—	781	9,980	10,761
Accumulated depreciation	(401)	(3)	(75)	—	(479)	(4,807)	(5,286)
Net book amount	209	3	90	—	302	5,173	5,475
Year ended 31 December 2018							
Opening net book amount	209	3	90	—	302	5,173	5,475
Additions	355	4	—	—	359	2,232	2,591
Termination of lease	—	—	—	—	—	(18)	(18)
Depreciation	(222)	(2)	(58)	—	(282)	(4,421)	(4,703)
Closing net book amount	342	5	32	—	379	2,966	3,345
At 31 December 2018							
Cost	965	10	165	—	1,140	12,212	13,352
Accumulated depreciation	(623)	(5)	(133)	—	(761)	(9,246)	(10,007)
Net book amount	342	5	32	—	379	2,966	3,345
Year ended 31 December 2019							
Opening net book amount	342	5	32	—	379	2,966	3,345
Additions	317	3	—	—	320	1,901	2,221
Termination of lease	—	—	—	—	—	(265)	(265)
Depreciation	(188)	(3)	(30)	—	(221)	(3,989)	(4,210)
Closing net book amount	471	5	2	—	478	613	1,091
At 31 December 2019							
Cost	1,282	13	165	—	1,460	12,433	13,893
Accumulated depreciation	(811)	(8)	(163)	—	(982)	(11,820)	(12,802)
Net book amount	471	5	2	—	478	613	1,091

	Computer and electronic equipment	Office furniture and equipment	Asset retirement obligation	Leasehold improvement	Property, plant and equipment Total	Right-of-use assets (Note 1)	Property, plant and equipment and right-of-use assets Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2020							
Opening net book amount	471	5	2	—	478	613	1,091
Additions	185	29	—	1,014	1,228	14,791	16,019
Depreciation	(131)	(1)	(2)	(56)	(190)	(2,888)	(3,078)
Closing net book amount	525	33	—	958	1,516	12,516	14,032
At 30 June 2020							
Cost	1,467	42	—	1,014	2,523	28,904	31,427
Accumulated depreciation	(942)	(9)	—	(56)	(1,007)	(16,388)	(17,395)
Net book amount	525	33	—	958	1,516	12,516	14,032

Note 1: As at 31 December 2017, 2018, and 2019 and 30 June 2020, the right-of-use assets relate to the leased premises of the Group.

17 Intangible assets

	Goodwill (Note a)	Trademarks and domain names (Note b)	Customer relationships (Note c)	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017					
Cost	6,153	9,345	1,273	—	16,771
Accumulated amortisation	—	(1,091)	(495)	—	(1,586)
Net book amount	6,153	8,254	778	—	15,185
Year ended 31 December 2017					
Opening net book amount	6,153	8,254	778	—	15,185
Amortisation	—	(935)	(424)	—	(1,359)
Closing net book amount	6,153	7,319	354	—	13,826
At 31 December 2017					
Cost	6,153	9,345	1,273	—	16,771
Accumulated amortisation	—	(2,026)	(919)	—	(2,945)
Net book amount	6,153	7,319	354	—	13,826
Year ended 31 December 2018					
Opening net book amount	6,153	7,319	354	—	13,826
Addition	—	—	—	69	69
Amortisation	—	(935)	(354)	(13)	(1,302)
Closing net book amount	6,153	6,384	—	56	12,593
At 31 December 2018					
Cost	6,153	9,345	1,273	69	16,840
Accumulated amortisation	—	(2,961)	(1,273)	(13)	(4,247)
Net book amount	6,153	6,384	—	56	12,593
Year ended 31 December 2019					
Opening net book amount	6,153	6,384	—	56	12,593
Amortisation	—	(935)	—	(25)	(960)
Closing net book amount	6,153	5,449	—	31	11,633
At 31 December 2019					
Cost	6,153	9,345	1,273	69	16,840
Accumulated amortisation	—	(3,896)	(1,273)	(38)	(5,207)
Net book amount	6,153	5,449	—	31	11,633
Six months ended 30 June 2020					
Opening net book amount	6,153	5,449	—	31	11,633
Amortisation	—	(468)	—	(8)	(476)
Closing net book amount	6,153	4,981	—	23	11,157
At 30 June 2020					
Cost	6,153	9,345	1,273	69	16,840
Accumulated amortisation	—	(4,364)	(1,273)	(46)	(5,683)
Net book amount	6,153	4,981	—	23	11,157

(a) Goodwill

On 31 October 2015, Congshu Beijing completed the acquisition of the online advertising platform which the Group is now operating at, from an independent third party at a cash consideration of RMB20 million. In accordance with IFRS 3 (Revised), "Business Combinations", the Group is required to recognise the identifiable assets acquired, liabilities assumed and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation to allocate the purchase consideration to the identifiable assets acquired and liabilities assumed at the acquisition date.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. Impairment test of goodwill is performed at period end at 31 December and 30 June, or whenever there is impairment indicator, by management.

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period with the following key assumptions:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
Revenue growth rate	10.0% to 31.5%	10.0% to 34.0%	10.0% to 20.6%	8.1% to 30.9%
Gross profit margin	85.9% to 86.1%	82.7% to 85.6%	83.0% to 83.9%	80.9% to 83.2%
Discount rate (pre-tax)	21.4%	21.0%	20.6%	21.0%

The management assumptions used in revenue growth rate and gross profit margin are based on historical records and synergy arose from the business combination. The management assumption used in the pre-tax discount rate is based on the industry data and the cash-generating unit's debt and equity structure.

As at 31 December 2017, the recoverable amount of the cash-generating unit of RMB319,044,000, which was calculated based on the value-in-use calculation, exceeded its carrying amount of RMB19,301,000 (including goodwill of RMB6,153,000) by RMB299,743,000.

As at 31 December 2018, the recoverable amount of the cash-generating unit of RMB553,757,000, which was calculated based on the value-in-use calculation, exceeded its carrying amount of RMB15,938,000 (including goodwill of RMB6,153,000) by RMB537,819,000.

As at 31 December 2019, the recoverable amount of the cash-generating unit of RMB574,610,000, which was calculated based on the value-in-use calculation, exceeded its carrying amount of RMB12,724,000 (including goodwill of RMB6,153,000) by RMB561,886,000.

As at 30 June 2020, the recoverable amount of the cash-generating unit of RMB505,202,000, which was calculated based on value-in-use calculation, exceeded its carrying amount of RMB25,189,000 (including goodwill of RMB6,153,000) by RMB480,013,000.

Sensitivity analysis

If the revenue had been 5% higher or lower than management estimate as at 31 December 2017, 2018 and 2019 and 30 June 2020 with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB58 million, RMB88 million, RMB71 million and RMB75 million respectively.

If the gross profit margin had been 2% higher or lower than management estimate as at 31 December 2017, 2018 and 2019 and 30 June 2020 with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB27 million, RMB41 million, RMB34 million and RMB36 million respectively.

If the discount rate (pre tax) had been 1% higher than management estimate as at 31 December 2017, 2018 and 2019 and 30 June 2020 with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB30 million, RMB46 million, RMB38 million and RMB33 million respectively.

If the discount rate (pre tax) had been 1% lower than management estimate as at 31 December 2017, 2018 and 2019 and 30 June 2020 with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB35 million, RMB53 million, RMB48 million and RMB37 million respectively.

After taking into consideration of the above sensitivity analysis, there is no shortfall of the recoverable amount comparing with the carrying amount of the cash-generating unit.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

(b) Trademarks and domain names

Trademarks and domain names represent the Group's business operation name and online platform acquired in the business acquisition described in (a) above, which was recognised initially at fair value at the acquisition date.

(c) Customer relationship

Customer relationship was acquired in the business acquisition described in (a) above which was recognised initially at fair value at the acquisition date.

18 Financial instruments by category

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost:				
Trade and bill receivables	81,534	102,348	114,563	91,511
Deposits and other receivables	1,235	1,238	1,384	2,761
Cash and cash equivalents	14,459	36,130	76,670	55,331
Amounts due from shareholders	—	—	331	336
Amounts due from an associate	—	—	—	351
Financial assets at FVTPL	7,148	20,300	41,656	92,391
	104,376	160,016	234,604	242,681
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	4,822	4,898	5,519	5,136
Accruals and other payables	9,332	11,050	20,056	22,501
Lease liabilities	5,365	3,407	555	12,786
Dividend payable	—	50,000	13,600	13,600
Amount due to a director	2	—	—	—
Financial liability at FVTPL:				
Convertible redeemable preference shares	—	—	48,377	42,445
	19,521	69,355	88,107	96,468

19 Trade and bill receivables

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Bill receivables	1,600	300	13,920	14,859
Trade receivables	81,828	110,615	102,863	80,745
	83,428	110,915	116,783	95,604
Less: allowance for impairment (Note 3.1.2(ii))	(1,894)	(8,567)	(2,220)	(4,093)
Total trade and bill receivables, net	81,534	102,348	114,563	91,511

(a) The credit terms of trade receivables granted by the Group is generally 180 days. Ageing analysis based on recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	50,123	62,343	48,703	34,432
91 to 180 days	18,013	24,969	22,441	15,882
181 days to 365 days	12,570	15,602	28,303	22,486
Over 365 days	1,122	7,701	3,416	7,945
	81,828	110,615	102,863	80,745

Ageing of bill receivables was within 6 months as at 31 December 2017, 2018 and 2019 and 30 June 2020.

(b) The carrying amounts of the Group's trade and bill receivables were denominated in RMB and approximated to their fair values as at 31 December 2017, 2018 and 2019 and 30 June 2020.

20 Prepayments, deposits and other receivables

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Rental deposits	615	471	—	1,541
Prepayments for property, plant and equipment	—	—	—	164
	615	471	—	1,705
Current portion				
Prepayments				
Prepayments to suppliers	719	1,813	1,012	2,799
Prepaid listing expenses	—	1,427	3,699	4,586
Staff advances	530	1,463	1,233	1,131
Prepayments	1,249	4,703	5,944	8,516
Deposits and other receivables				
Rental deposits	855	766	1,269	953
Other tax receivables	—	—	6,387	7,519
Others	4	1	115	103
Gross deposits and other receivables	859	767	7,771	8,575
Less: write-off of deposits and other receivables	(239)	—	—	—
Net deposits and other receivables	620	767	7,771	8,575
	1,869	5,470	13,715	17,091
Total	2,484	5,941	13,715	18,796

The carrying amounts of the Group's prepayments, deposits and other receivables approximated to their fair values as at 31 December 2017, 2018 and 2019 and 30 June 2020 and are denominated in the following currencies:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	2,484	5,941	13,603	18,796
US$	—	—	112	—
	2,484	5,941	13,715	18,796

21 Financial assets at FVTPL

Financial assets at FVTPL represented wealth management products. The principal or returns on the wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore the Group classified them as financial assets at FVTPL. Changes in fair value (realised and unrealised) of this financial assets had been recognised in "Other gains, net" in the consolidated statements of comprehensive income.

The financial assets at FVTPL were denominated in RMB as at 31 December 2017, 2018 and 2019 and 30 June 2020.

22 Cash and cash equivalents

Group

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	14,455	36,130	31,411	34,075
Cash on hand	4	—	—	7
Short-term bank deposit with maturity less than three months	—	—	45,259	21,249
	14,459	36,130	76,670	55,331

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	14,459	36,130	28,615	7,079
US$	—	—	47,653	47,687
HK$	—	—	402	565
	14,459	36,130	76,670	55,331

Company

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	—	—	2,576	1,718

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
US$	—	—	2,174	1,153
HK$	—	—	402	565
	—	—	2,576	1,718

Cash and cash equivalents of approximately RMB14,455,000, RMB36,130,000 and RMB28,615,000 and RMB7,072,000 as at 31 December 2017, 2018 and 2019 and 30 June 2020 respectively of the Group were deposited with banks in the PRC and denominated in RMB. Cash and cash equivalents of approximately RMB2,176,000 and RMB21,249,000 as at 31 December 2019 and 30 June 2020 of the Group were deposited with banks in the PRC and denominated in US$. These bank balances are subject to the rules and regulations of foreign exchange control promulgated by the State Administration of Foreign Exchange.

As at 31 December 2019 and 30 June 2020, the effective interest rate on the Group's short-term bank deposit was 1.85% and 1.40% respectively per annum and the deposit will mature on 13 March 2020 and 22 July 2020, respectively.

The maximum exposure to credit risk was the carrying value of cash at bank as at 31 December 2017, 2018 and 2019 and 30 June 2020 and short-term bank deposit as at 31 December 2019 and 30 June 2020.

The carrying amount of the Group's cash and cash equivalents approximated to its fair value as at 31 December 2017, 2018 and 2019 and 30 June 2020.

23 Share capital and reserves

(a) Share capital

Authorised share capital	Number of ordinary shares	Nominal value of ordinary shares
		US$'000
Ordinary shares upon incorporation (Note (i))	500,000,000	50
As at 31 December 2018	500,000,000	50
Creation of Series A Preferred Shares by re-designation of authorised but unissued shares on 27 May 2019 (Note (ii))	(25,000,000)	(3)
Creation of authorised but unissued shares (Note (iii))	9,525,000,000	953
As at 31 December 2019 and 30 June 2020	10,000,000,000	1,000

Issued share capital	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		US$'000	RMB'000
Ordinary shares upon incorporation (Note (i))	1,000	—*	—*
As at 31 December 2018	1,000	—*	—*
Newly issued ordinary shares on 27 May 2019 (Note (ii))	474,999,000	47	328
Issue of bonus shares on 21 June 2019 (Note (iv))	375,000,000	38	258
Newly issued ordinary shares on 21 June 2019 (Note 23(b))	100,000,000	10	69
As at 31 December 2019 and 30 June 2020	950,000,000	95	655

* 1,000 shares at US$0.0001 each has been issued on 22 November 2018.

(i) As at the date of incorporation of the Company, the Company had an authorised share capital of US$50,000 divided into 500,000,000 Shares of par value US$0.0001. One share of par value US$0.0001 was allotted and issued to the initial subscriber who is an Independent Third Party, which was subsequently transferred to XC Group on the same date. The Company further allotted and issued 949 Shares to XC Group and 50 Shares to ADYM Investments on the same date.

(ii) On 27 May 2019, 25,000,000 Series A Preferred Shares was created by redesignating the authorised but unissued shares. After the re-designation, the authorised share capital of the Company became 475,000,000 Shares and 25,000,000 Series A Preferred Shares (Note 32). On the same day, pursuant to the Pre-IPO Investment Agreement, the Company allotted and issued 451,249,050 and 23,749,950 ordinary shares, credited as fully paid at par, to XC Group and ADYM Investments, respectively and 25,000,000 Series A Preferred Shares to the Pre-IPO investor, credited as fully paid, for a total consideration of RMB50,000,000 (Note 32). As a result, the total number of issued shares of the Company increased from 1,000 shares to 500,000,000 shares, comprising 475,000,000 Shares and 25,000,000 Series A Preferred Shares. On 21 June 2019, by way of repurchased by the Company from the Pre-IPO Investor for cancellation, and in return 25,000,000 ordinary shares, credited as fully paid, were allotted and issued to the Pre-IPO Investor, 25,000,000 Series A Preferred Shares were automatically converted to ordinary shares. Since the Pre-IPO Shareholder's Agreement contains a clause that allow the equity holders of the aforesaid ordinary shares to convert these shares back to Series A Preferred Shares when the listing event is denied, rejected or dismissed (as detailed further in Note 32), the aforesaid ordinary shares continued to be recognised as a liability in the consolidated financial statements.

(iii) On 21 June 2019, the authorised share capital of the Company was increased to US$1 million divided into 10,000,000,000 ordinary shares of par value US$0.0001 each, by (i) cancelling 25,000,000 authorised but unissued Series A Preferred Shares; and (ii) creating 9,525,000,000 authorised but unissued ordinary shares.

(iv) On 21 June 2019, for the purpose of implementing the Incentive Schemes, the Company capitalised an aggregate amount of US$40,000 standing in the debit of its share premium account and applied such sum to pay up an aggregate of 400,000,000 unissued ordinary shares, credited as fully paid at par, for allotment and issue as fully paid bonus shares of 351,250,000 Shares, 23,750,000 Shares and 25,000,000 Shares to XC Group, ADYM Investments and the Pre-IPO Investor, being the shareholders at the time of issuance, respectively. As disclosed in (ii) above, since the Pre-IPO Shareholder's Agreement contains a clause that allow the equity holders of the aforesaid ordinary shares to convert those shares back to Series A Preferred Shares when the listing event is denied, rejected or dismissed (as detailed further in Note 32), the bonus issues of 25,000,000 Shares to the Pre-IPO Investor will be simultaneously returned to the Company.

(b) Treasury shares

On 25 June 2019, the Company's shareholders approved and adopted the Incentive Schemes. The Company has appointed Core Trust Company Limited as the custodian (the "Scheme Custodian") to assist with the administration of the Incentive Schemes, and Glory Tower Investments Limited, an indirectly wholly-owned subsidiary of the Scheme Custodian, as nominee of the RSU Scheme (the "RSU Nominee"), and Colourful Sky International Limited, an indirectly wholly-owned subsidiary of the Scheme Custodian, as nominee of the SA Scheme (the "SA Nominee"). Accordingly, 100,000,000 ordinary shares subscribed by the Scheme Custodian at par value which amounted to RMB69,000 on 21 June 2019 and was accounted for as treasury shares as at 31 December 2019 and 30 June 2020. No restricted share unit nor share award were granted as at the date of this report.

(c) Reserves

(1) Reserves of the Group

	Statutory reserves	Other reserves	Total
	RMB'000	RMB'000	RMB'000
Balances at 1 January 2017	969	39,250	40,219
Return of capital to a former shareholder of a subsidiary now comprising the Group (Note (ii))	—	(29,250)	(29,250)
Capital injection from shareholders of a subsidiary now comprising the Group (Note (ii) & Note (iii))	—	30,750	30,750
Appropriation to statutory reserves (Note (i))	2,748	—	2,748
Balances at 31 December 2017 and 1 January 2018	3,717	40,750	44,467
Appropriation to statutory reserves (Note (i))	4,767	—	4,767
Balances at 31 December 2018 and 1 January 2019	8,484	40,750	49,234
Appropriation to statutory reserves (Note (i))	6,381	—	6,381
Bonus issue (Note 23(a)(iv))	—	(189)	(189)
Balances at 31 December 2019 and 1 January 2020	14,865	40,561	55,426
Appropriation to statutory reserves (Note (i))	1,115	—	1,115
Balance at 30 June 2020	15,980	40,561	56,541
(Unaudited)			
Balance at 1 January 2019	8,484	40,750	49,234
Appropriation to statutory reserves (Note (i))	2,742	—	2,742
Bonus issue (Note 23(a)(iv))	—	(189)	(189)
Balance at 30 June 2019	11,226	40,561	51,787

(i) In accordance with relevant regulations prevailing in the PRC, the Company's subsidiaries established and operating in the PRC are required to appropriate 10% of their profit after income tax calculated under the accounting principles generally applicable to the PRC enterprises to the statutory reserve until the fund aggregates 50% of their respective registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory reserve must be maintained at a minimum of 25% of capital after these usages.

(ii) Prior to 11 October 2017, Juzhong Netcom (Beijing) Technology Co., Ltd. (聚眾網通（北京) 科技有限公司) ("Netcom Agency") held 45% of the equity interest in Congshu Beijing, amounting to RMB29,250,000. On 11 October 2017, the registered capital of Congshu Beijing reduced from RMB65,000,000 to RMB35,750,000 through a reduction of capital amounting to RMB29,250,000, in which this amount was then returned to Netcom Agency. Since then, Netcom Agency ceased to be the shareholder of Congshu Beijing.

Mr. Xu has become the sole shareholder of Congshu Beijing, with paid-in capital of RMB10,000,000. On the same date, RMB25,750,000 was injected by Mr. Xu to Congshu Beijing, the paid-in capital increased to RMB35,750,000.

(iii) On 28 December 2017, Mr. Li injected a sum of RMB5,000,000 to Congshu Beijing for the purpose of subscribing its registered capital of Congshu Beijing.

(2) Reserves of the Company

	Reserves	Accumulated loss/retained earnings
	RMB'000	RMB'000
As at 22 November 2018		
Loss for the period	—	—*
As at 31 December 2018 and 1 January 2019	—	—
Profit for the year	—	947
Bonus issue	(189)	—
Shareholders' contribution arising from the reorganisation	93,879	—
As at 31 December 2019	93,690	947
Profit for the period	—	6,059
As at 30 June 2020	93,690	7,006
(Unaudited)		
As at 1 January 2019	—	—*
Loss for the period	—	(597)
Bonus issue	(189)	—
Shareholders' contribution arising from the reorganisation	93,879	—
As at 30 June 2019	93,690	(597)

* Amount less than RMB1,000.

(d) Investments in subsidiaries

Investments in subsidiaries are carried at cost on the date when Congshu Internet, a wholly owned subsidiary of the Company, entered into the Contractual Arrangements with Congshu Beijing as disclosed in Note 1.2.

(e) Balances with shareholders and subsidiaries—non-trade

Amount due from shareholders and subsidiaries were unsecured, interest-free and repayable on demand as at 31 December 2019 and 30 June 2020.

The carrying amounts of amounts due from shareholders and subsidiaries were approximated to their fair values and were denominated in US$.

24 Trade payables

Trade payables are non-interest-bearing.

The ageing analysis of trade payables based on recognition date is as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	2,458	3,045	1,984	1,328
3 to 6 months	1,122	415	1,199	753
6 to 12 months	—	196	1,094	811
1 to 2 years	—	—	—	1,002
Over 2 years	1,242	1,242	1,242	1,242
	4,822	4,898	5,519	5,136

The carrying amounts of the Group's trade payables were denominated in RMB and approximated to their fair values as at 31 December 2017, 2018 and 2019 and 30 June 2020.

25 Accruals and other payables

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Other payables	67	71	—	—
Current portion				
Payroll and welfare payable	7,771	18,266	24,219	17,161
Other taxes payable	7,472	13,412	16,401	11,694
Trading deposits received	637	487	519	519
Rebate payables	2,366	2,814	1,607	2,382
Listing expense payables	—	3,076	7,232	9,221
Payable to advertising service providers	5,367	2,436	7,847	7,512
Others	895	2,166	2,851	2,867
	24,508	42,657	60,676	51,356
Total	24,575	42,728	60,676	51,356

The carrying amounts of the Group's accruals and other payables approximated to their fair values and are denominated in the following currencies:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	24,575	42,728	60,668	51,256
HK$	—	—	8	100
	24,575	42,728	60,676	51,356

26 Lease liabilities

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Minimum lease payments due				
—Within 1 year	3,519	3,427	562	5,311
—Between 1 and 2 years	2,195	38	—	4,457
—Between 2 and 5 years	38	—	—	3,820
	5,752	3,465	562	13,588
Less: future finance charges	(387)	(58)	(7)	(802)
Present value of lease liabilities	5,365	3,407	555	12,786

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,311	3,371	555	4,922
Between 1 and 2 years	2,018	36	—	4,152
Between 2 and 5 years	36	—	—	3,712
	5,365	3,407	555	12,786

The total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 were RMB3,196,000, RMB4,337,000 and RMB4,569,000, RMB2,332,000 and RMB2,783,000 respectively.

27 Deferred tax

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets				
—to be recovered within 12 months	614	2,073	2,111	3,897
—to be recovered after more than 12 months	829	186	96	99
	1,443	2,259	2,207	3,996

The movements in the net deferred income tax assets are as follows.

Movements	Employee benefits	Intangible assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	615	92	986	1,693
(Charged)/credited to consolidated statement of comprehensive income (Note 13)	(7)	74	(317)	(250)
At 31 December 2017	608	166	669	1,443

Movements	Employee benefits	Intangible assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	608	166	669	1,443
Credited/(charged) to consolidated statement of comprehensive income (Note 13)	1,517	(32)	(669)	816
At 31 December 2018	2,125	134	—	2,259

Movements	Employee benefits	Intangible assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	2,125	134	—	2,259
Charged to consolidated statement of comprehensive income (Note 13)	(33)	(19)	—	(52)
At 31 December 2019	2,092	115	—	2,207

Movements	Employee benefits	Intangible assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	2,092	115	—	2,207
(Charged)/credited to consolidated statement of comprehensive income (Note 13)	(85)	(8)	1,882	1,789
At 30 June 2020	2,007	107	1,882	3,996

28 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	37,654	59,672	57,657	26,867	28,084
Adjustments for:					
—finance cost/(income), net	294	164	(299)	32	62
—depreciation of property, plant and equipment	243	282	221	101	190
—depreciation of right-of-use assets	3,169	4,421	3,989	2,062	2,888
—amortisation of intangible assets	1,359	1,302	960	474	476
—net impairment loss on financial assets	1,386	6,837	4,211	(6,221)	1,854
—share of losses of an associate	—	—	—	—	56
—fair value gain on financial assets at fair value through profit or loss	(591)	(1,017)	(1,885)	(841)	(1,662)
—fair value gain on convertible redeemable preference shares	—	—	(1,623)	—	(5,932)
—gain on early termination of lease contract	(16)	(16)	(3)	—	—
—loss on disposal of subsidiaries	—	—	30	30	—
—foreign exchange (gain)/loss	—	(2)	(451)	237	(772)
Operating profit before working capital changes	43,498	71,643	62,807	22,741	25,244
Changes in working capital:					
—trade and bill receivables	(48,465)	(27,450)	(16,319)	4,168	21,288
—contract assets	2,481	(3,562)	(1,923)	3,645	5,141
—prepayments and other receivables	7,516	(3,248)	(5,471)	(1,919)	(4,240)
—amount due from a shareholder	(407)	—	—	—	—
—trade payables	3,435	76	621	879	(383)
—contract liabilities	17	96	2,919	481	(165)
—accruals and other payables	11,638	18,147	17,968	6,107	(9,320)
—amount due to a director	2	(2)	—	—	—
—amount due from an associate	—	—	—	—	(351)
	19,715	55,700	60,602	36,102	37,214

(b) Net debt reconciliation

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents (Note 22)	14,459	36,130	76,670	55,331
Lease liabilities	(5,365)	(3,407)	(555)	(12,786)
Convertible redeemable preference shares	—	—	(48,377)	(42,445)
	9,094	32,723	27,738	100

	Other assets	Liabilities from financing activities			
	Cash and cash equivalents	Amount due to a director	Lease liabilities	Borrowing	Convertible redeemable preference shares
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2017	1,926	(6,000)	(3,481)	(5,000)	—
Net cash flows	12,533	6,125	3,196	5,000	—
Addition of lease liabilities	—	—	(5,145)	—	—
Other non-cash activities	—	(125)	65	—	—
As at 31 December 2017	14,459	—	(5,365)	—	—
As at 1 January 2018	14,459	—	(5,365)	—	—
Net cash flows	21,671	—	4,337	—	—
Addition of lease liabilities	—	—	(2,232)	—	—
Other non-cash activities	—	—	(147)	—	—
As at 31 December 2018	36,130	—	(3,407)	—	—
As at 1 January 2019	36,130	—	(3,407)	—	—
Net cash flows	40,092	—	4,569	—	(50,000)
Addition of lease liabilities	—	—	(1,901)	—	—
Exchange difference	448	—	—	—	—
Other non-cash activities	—	—	184	—	1,623
As at 31 December 2019	76,670	—	(555)	—	(48,377)
As at 1 January 2020	76,670	—	(555)	—	(48,377)
Net cash flows	(22,106)	—	2,783	—	—
Addition of lease liabilities	—	—	(14,791)	—	—
Exchange difference	767	—	—	—	—
Other non-cash activities	—	—	(223)	—	5,932
As at 30 June 2020	55,331	—	(12,786)	—	(42,445)

29 Contingencies

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group did not have any material contingent liabilities.

30 Related party transactions

(a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Group are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of related party	Relationship with the Group
Mr. Xu	Controlling Shareholder
Netcom Agency	Shareholder of Congshu Beijing prior to 11 October 2017

(b) Transactions with related parties

The Group has the following related transactions during the Track Record Period.

	Year ended 31 December			Six months ended 30 June	
Discontinued	**2017**	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Provision of advertising service from a related company:					
Netcom Agency	384	—	—	—	—

Provision of advertising service were made at prices and terms mutually agreed by the respective parties.

(c) Balances with a director, shareholders and an associate—non-trade

Amount due to a director was unsecured, at interest rate of 4.35% per annum and repayable on demand as at 31 December 2017. During the year ended 31 December 2018, the balance was fully settled.

The carrying amount of amount due to a director was approximated to its fair values and was denominated in RMB.

Amounts due from shareholders were unsecured, interest-free and repayable on demand as at 31 December 2019 and 30 June 2020. The balance as at 30 June 2020 is expected to be settled by the shareholders in full before the proposed initial public offering of shares of our Company.

The carrying amounts of amounts due from shareholders are approximated to their fair values and were denominated in US$.

Amount due from an associate was unsecured, at interest rate of 4% and will be repayable on 12 May 2022. The balance as at 30 June 2020 was settled in full in September 2020.

The carrying amount of amount due from an associate was approximated to its fair value and was denominated in RMB.

(d) Key management compensation

Key management includes Executive Directors and senior management of the Group.

Compensation of the key management personnel of the Group, including directors' remuneration as disclosed in Note 8 to the Historical Financial Information, was as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	2,592	3,215	5,226	1,675	1,641
Pension costs—defined contribution plans	204	228	251	145	25
Other social security costs, housing benefits and other employee benefits	256	296	340	184	109
	3,052	3,739	5,817	2,004	1,775

31 Disposal of subsidiaries

(a) During the year ended 31 December 2019, the Group had disposed of two subsidiaries at a consideration of RMB2,000 and RMB1 respectively.

(b) The disposal of 100% equity interest in Beihai Congshu was completed on 26 April 2019. Net liabilities of Beihai Congshu at the date of disposal were as follows:

	RMB'000
Net liabilities disposed of:	
Other payables	(2)
Gain on disposal of Beihai Congshu	4
Total consideration	2

(c) The disposal of 100% equity interest in HG Technology was completed on 27 May 2019. Net assets of HG Technology at the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Trade and other receivables and other payables	34
Loss on disposal of HG Technology	(34)
Total consideration	—*

*The total consideration is RMB1.

32 Convertible redeemable preference shares

On 27 May 2019, 25,000,000 Series A Preferred Shares was created by redesignating the authorised but unissued ordinary shares. After the re-designation, the authorised share capital of the

Company became 475,000,000 Ordinary Shares and 25,000,000 Series A Preferred Shares. On the same day, pursuant to the Pre-IPO Investment Agreement, the Company allotted and issued 25,000,000 Series A Preferred Shares to the Pre-IPO investor, LYL Weihui Limited, credited as fully paid, for a total consideration of RMB50,000,000.

Pursuant to clause 4.6.3 of the Pre-IPO Shareholder's Agreement signed between the Company and the pre-IPO investor, the Series A Preferred Shares were converted to ordinary shares on 21 June 2019. However, according to clause 4.6.2 of the Pre-IPO Shareholder's Agreement, the ordinary share can be converted back to Series A Preferred Shares when the listing event has been denied, rejected or dismissed. Hence, the abovesaid ordinary shares continued to be recognised as Series A Preferred Shares according to the substance.

(a) Conversion feature

Each Series A Preferred Share may, at the option of the holder, be converted at any time after the original issue date into fully-paid ordinary shares at an initial conversion ratio of 1:1 subject to adjustment for share split, ordinary share dividends and distributions, reorganisation and other similar capitalisation events.

(b) Redemption feature

The shareholders of preferred shares may give a written notice to the Company at any time or from time to time requesting redemption of all or part of their preferred shares under specific conditions as provided in the Pre-IPO Shareholder's Agreement.

The Company shall redeem the preferred shares if (i) the Company has failed to apply for the initial public offering on or before the 31 December 2020, or the Company has failed to obtain listing status by 31 December 2021; or (ii) the Group or the founding shareholder maliciously violate the clauses or fail to perform their obligations as stated in the Pre-IPO Shareholder's Agreement; or (iii) the Group has failed its profit guarantee to a) obtain accumulated net profit of 2019 and 2020 by RMB80,000,000 after exclusion of non-operating income and expenses; or b) obtain net profit by RMB40,000,000 after exclusion of non-operating income and expenses; or (iv) the founding shareholder or its related party misappropriate the Group's funds or other assets.

In addition, each Series A Preferred share shall automatically be converted into fully-paid ordinary shares based on the then-effective applicable conversion price upon the listing documents submission date. The ordinary share can be converted back to Series A Preferred Shares when the listing event has been denied, rejected or dismissed.

The redemption price shall be paid by the Company to the Preferred Shares holder by the amount equal to the issue price of the Series A Preferred Shares, plus a ten percent (10%) per annum single interest of the issue price on each Series A Preferred Shares accrued during the period from the issue date of each Series A Preferred Shares until the date stated on redemption notice on which the Preferred Shares are to be redeemed, net with any paid dividends.

(c) The movement of the convertible redeemable preferred shares is set out as below:

	RMB'000
Issuance of Series A Preferred Shares on 27 May 2019	50,000
Changes in fair value	(1,623)
As at 31 December 2019	48,377
Changes in fair value	(5,932)
As at 30 June 2020	42,445

(d) The Group has used the market approach to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of the Series A Preferred Shares as at the date of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of Series A Preferred Shares as follows:

	31 December 2019	30 June 2020
Risk-free interest rate	2.56%	2.21%
DLOM	25%	20%
Volatility	42.25%	46.63%

The Group estimated the risk-free interest rate based on the CNY China Sovereign Bond. The DLOM was estimated based on the option-pricing method. Volatility was estimated based on historical volatility of comparable companies for a period from the respective valuation date and with similar span as time to expiration. Probability weight under each of the conversion feature and redemption feature was based on the Group's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Series A Preferred Shares on each valuation date.

33 Subsequent events

On 25 December 2020, the board of directors of the Company has resolved to grant 80,000,000 share awards (representing 80,000,000 underlying shares of the Company) to certain of the Company's executive directors and selected employees of the Group, and to grant 2,170,000 restricted share units (representing 2,170,000 underlying shares of the Company) to selected employees of the Group in accordance with the SA Scheme and the RSU Scheme. Share-based payment expenses are expected to be recorded in the Group's consolidated statements of comprehensive income subject to the vesting conditions as set out in the grant letters of the respective schemes.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.