ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TI CLOUD INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of TI Cloud Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-67, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and the statement of financial position of the Company as at 31 December 2021 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-3 to I-67 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 21 June 2022 (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 accountants' report, a true and fair view of the financial position of the Group as at 31 December 2019, 2020 and 2021 and the Company as at 31 December 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Relevant Periods.

No historical financial statements for the Company

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

Ernst & Young
Certified Public Accountants
Hong Kong
21 June 2022

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*
REVENUE	5	334,813	353,744	401,897
Cost of sales		(178,930)	(178,305)	(219,194)
Gross profit		155,883	175,439	182,703
Other income and gains	5	8,845	14,062	8,287
Selling and distribution expenses		(44,163)	(50,360)	(71,335)
Administrative expenses		(16,151)	(18,776)	(42,977)
Research and development expenses		(37,066)	(38,523)	(53,840)
Impairment losses on financial assets		(812)	(1,883)	(3,423)
Other expenses and losses		(283)	(627)	(293)
Finance costs	7	(757)	(677)	(636)
PROFIT BEFORE TAX	6	65,496	78,655	18,486
Income tax expenses	10	(6,351)	(8,488)	(668)
PROFIT FOR THE YEAR		59,145	70,167	17,818
EARNINGS PER SHARE				
Basic and diluted (RMB)	12	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	59,145	70,167	17,818
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	519	108	–
Income tax effect	(78)	(16)	–
	441	92	–
Exchange differences on translation of the financial statements of the Company	–	–	153
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	441	92	153
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	59,586	70,259	17,971

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	4,484	3,139	3,611
Right-of-use assets	14(a)	12,717	12,305	7,781
Other intangible assets	15	2,816	2,778	2,971
Prepayments for property, plant and equipment		–	347	–
Equity investments designated at fair value through other comprehensive income	16	8,069	8,177	–
Deferred tax assets	26	–	184	707
Total non-current assets		28,086	26,930	15,070
CURRENT ASSETS				
Trade receivables	17	48,353	75,218	64,388
Contract assets	18	–	277	2,214
Prepayments, other receivables and other assets	19	6,247	6,916	12,695
Prepaid tax		3,476	–	2,286
Financial investments at fair value through profit or loss	20	155,808	151,237	31,227
Pledged deposits	21	–	–	21,293
Cash and cash equivalents	21	17,741	32,953	152,545
Total current assets		231,625	266,601	286,648
CURRENT LIABILITIES				
Trade payables	22	20,483	13,924	15,740
Contract liabilities	23	22,740	18,133	22,716
Other payables and accruals	24	15,550	19,646	22,862
Interest-bearing bank borrowings	25	–	–	10,520
Lease liabilities	14(b)	4,630	6,513	5,281
Tax payable		450	935	419
Total current liabilities		63,853	59,151	77,538
NET CURRENT ASSETS		167,772	207,450	209,110
TOTAL ASSETS LESS CURRENT LIABILITIES		195,858	234,380	224,180

	Notes	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	8,444	6,378	2,709
Deferred tax liabilities	26	18	–	–
Total non-current liabilities		8,462	6,378	2,709
Net assets		187,396	228,002	221,471
EQUITY				
Share capital	27	–	–	98
Reserves	29	187,396	228,002	221,373
Total equity		187,396	228,002	221,471

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

	Notes	**Share capital**	**Capital reserve**	**Share-based payment reserve**	**Fair value reserve of financial assets at fair value through other comprehensive income**	**Reserve funds**	**Exchange fluctuation reserve**	**Retained profits**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019		–	91,161	–	1,318	17,342	–	36,539	146,360
Profit for the year		–	–	–	–	–	–	59,145	59,145
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		–	–	–	441	–	–	–	441
Total comprehensive income for the year		–	–	–	441	–	–	59,145	59,586
Equity-settled share-based payment arrangements	28	–	–	2,114	–	–	–	–	2,114
Vesting of share incentives as granted	28	–	2,114	(2,114)	–	–	–	–	–
Transfer from retained profits		–	–	–	–	5,905	–	(5,905)	–
Dividends of a subsidiary declared to the then shareholders	11	–	–	–	–	–	–	(20,664)	(20,664)
At 31 December 2019		–	93,275*	–*	1,759*	23,247*	–*	69,115*	187,396

Year ended 31 December 2020

	Notes	Share capital	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Exchange fluctuation reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020		–	93,275	–	1,759	23,247	–	69,115	187,396
Profit for the year		–	–	–	–	–	–	70,167	70,167
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		–	–	–	92	–	–	–	92
Total comprehensive income for the year		–	–	–	92	–	–	70,167	70,259
Equity-settled share-based payment arrangements	*28*	–	–	1,343	–	–	–	–	1,343
Vesting of share incentives as granted	*28*	–	1,343	(1,343)	–	–	–	–	–
Transfer from retained profits		–	–	–	–	3,885	–	(3,885)	–
Dividends of a subsidiary declared to the then shareholders	*11*	–	–	–	–	–	–	(30,996)	(30,996)
At 31 December 2020		–	94,618*	–*	1,851*	27,132*	–*	104,401*	228,002

Year ended 31 December 2021

	Notes	Share capital	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Exchange fluctuation reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021		–	94,618	–	1,851	27,132	–	104,401	228,002
Profit for the year		–	–	–	–	–	–	17,818	17,818
Other comprehensive income for the year:									
Exchange differences on translation of the financial statements of the Company		–	–	–	–	–	153	–	153
Total comprehensive income for the year		–	–	–	–	–	153	17,818	17,971
Issue of shares	*27*	98	–	–	–	–	–	–	98
Equity-settled share-based payment arrangements	*28*	–	–	1,230	–	–	–	–	1,230
Vesting of share incentives as granted	*28*	–	1,172	(1,172)	–	–	–	–	–
Disposal of equity investments designated at fair value through other comprehensive income, net of tax	*16*	–	–	–	(1,851)	–	–	1,851	–
Transfer from retained profits		–	–	–	–	192	–	(192)	–
Dividends of a subsidiary declared to the then shareholders	*11*	–	–	–	–	–	–	(25,830)	(25,830)
At 31 December 2021		98	95,790*	58*	-*	27,324*	153*	98,048*	221,471

* These reserve accounts comprise the consolidated reserves of RMB187,396,000, RMB228,002,000 and RMB221,373,000 in the consolidated statements of financial position as at 31 December 2019, 2020 and 2021, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		65,496	78,655	18,486
Adjustments for:				
Finance costs	7	757	677	636
Interest income	5	(667)	(159)	(819)
Investment income	5	(3,568)	(4,806)	(2,211)
Dividend income	5	(121)	–	–
Fair value gains on financial investments at fair value through profit or loss	5	(808)	(1,088)	(474)
Gain on disposal of equity investments designated at fair value through other comprehensive income	5	–	–	(81)
Loss/(gain) on disposal/write-off of property, plant and equipment	5, 6	–	49	(3)
Loss on disposal/write-off of other intangible assets	6	81	–	–
Depreciation of property, plant and equipment	6	3,142	2,100	1,810
Depreciation of right-of-use assets	6	4,554	5,303	6,171
Amortisation of other intangible assets	6	381	498	566
Impairment of financial assets	6	812	1,883	3,423
Write-off of prepayments	6	–	–	184
Equity-settled share-based payment expense	28	2,114	1,343	1,230
		72,173	84,455	28,918
Increase/(decrease) in trade receivables		(1,175)	(28,748)	7,804
Increase in contract assets		–	(277)	(2,257)
Increase in prepayments, other receivables and other assets		(2,288)	(669)	(5,942)
Increase/(decrease) in trade payables		336	(6,559)	1,816
Increase/(decrease) in contract liabilities		381	(4,607)	4,583
Increase in other payables and accruals		2,212	1,068	6,244
Effect of foreign exchange rate changes, net		–	–	138
Cash generated from operations		71,639	44,663	41,304
Interest paid		(757)	(677)	(636)
Corporate income tax paid		(15,360)	(4,745)	(3,993)
Net cash flows from operating activities		55,522	39,241	36,675

	Notes	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		667	159	526
Dividends received		121	–	–
Purchases of property, plant and equipment	*13*	(1,673)	(810)	(2,282)
Proceeds from disposal of property, plant and equipment		–	6	3
Decrease/(increase) in prepayments for property, plant and equipment		–	(347)	347
Purchases of other intangible assets	*15*	(454)	(460)	(759)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	–	8,258
Purchases of financial investments at fair value through profit or loss		(368,000)	(410,000)	(430,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		256,945	420,465	552,695
Net cash flows from/(used in) investing activities		(112,394)	9,013	128,788
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged time deposits for bank borrowings		–	–	(21,000)
New bank borrowings	*30(b)*	–	–	10,536
Principal portion of lease payments	*30(b)*	(4,039)	(5,074)	(6,548)
Dividends of a subsidiary paid to the then shareholders		(20,664)	(27,968)	(28,858)
Net cash flows used in financing activities		(24,703)	(33,042)	(45,870)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(81,575)	15,212	119,593
Cash and cash equivalents at beginning of year		99,316	17,741	32,953
Effect of foreign exchange rate changes, net		–	–	(1)
CASH AND CASH EQUIVALENTS AT END OF YEAR		17,741	32,953	152,545

	Notes	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*21*	17,741	32,953	147,545
Non-pledged short term deposits with original maturity of less than three months when acquired	*21*	–	–	5,000
Cash and cash equivalents as stated in the statements of financial position and statements of cash flows		17,741	32,953	152,545

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	1	–
Total non-current assets		–
CURRENT ASSETS		
Prepayments, other receivables and other assets	19	2,479
Cash and cash equivalents	21	966
Total current assets		3,445
CURRENT LIABILITIES		
Other payables and accruals	24	6,510
Interest-bearing bank borrowings	25	10,520
Total current liabilities		17,030
NET CURRENT LIABILITIES		(13,585)
TOTAL ASSETS LESS CURRENT LIABILITIES		(13,585)
Total deficiency in assets		(13,585)
EQUITY		
Share capital	27	98
Reserves	29	(13,683)
Total equity		(13,585)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 31 March 2021. The registered office of the Company is located at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries registered in the People's Republic of China (the "PRC") were principally engaged in the provision of artificial intelligence-based cloud customer contact solution software and related services in Software as a Service ("SaaS") model and Virtual Private Cloud ("VPC") model.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document. Apart from the Reorganisation and preparation for the [**REDACTED**] of the shares of the Company on the Main Board of the Stock Exchange, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
TI Cloud (HK) Limited *(note (a))*	Hong Kong 16 April 2021	HK$1[@]	100	–	Investment holding
TI Cloud (Beijing) Technology Co., Ltd. ("WFOE") (天潤雲(北京)科技有限公司* *(note (b))*)	PRC/Mainland China 28 April 2021	USD50,000,000	–	100	Investment holding
Beijing T&I Net Communication Technology Co., Ltd.[#] ("T&I Net Communication") (北京天潤融通科技股份有限公司* *(note (c))*)	PRC/Mainland China 23 February 2006	RMB51,660,000	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software
Beijing Xunchuan Rongtong Technology Co., Ltd. ("Xunchuan Rongtong Technology") (北京迅傳融通科技有限公司* *(note (c))*)	PRC/Mainland China 22 October 2007	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Shanghai Tianrun Rongtong Information Technology Co., Ltd. ("Shanghai Tianrun Rongtong") (上海天潤融通信息科技有限公司* *(note (c))*)	PRC/Mainland China 21 November 2012	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Xinfeng Information Technology Co., Ltd. ("Xinfeng Information Technology") (上海欣峰信息科技有限公司* *(note (c))*)	PRC/Mainland China 24 April 2012	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Nanjing Guanxun Information Technology Co., Ltd. ("Guanxun Information Technology") (南京冠迅信息科技有限公司* *(note (c))*)	PRC/Mainland China 26 April 2018	RMB10,000,000	–	100	Research and development of customer contact solution

@ The Company's investment in a subsidiary, TI Cloud (HK) Limited, was carried at RMB1 (equivalent to HK$1) at the Company's statement of financial position as at 31 December 2021.

T&I Net Communication was the immediate holding company of Xunchuan Rongtong Technology, Shanghai Tianrun Rongtong, Xinfeng Information Technology and Guanxun Information Technology during the Relevant Periods.

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

Notes:

(a) No audited financial statements have been prepared for this entity for the years ended 31 December 2019 and 2020, as it was incorporated in 2021. The statutory financial statements of this entity for the period from its date of incorporation to 31 December 2021 prepared under Hong Kong Financial Reporting Standards were audited by Uniwin International CPA Limited registered in Hong Kong.

(b) No audited financial statements have been prepared for this entity for the years ended 31 December 2019 and 2020, as it was registered in 2021. No audited financial statements have been prepared for this entity for the period from its date of registration to 31 December 2021, as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of registration.

(c) No audited financial statements have been prepared for these entities for the years ended 31 December 2019, 2020 and 2021, as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing telecommunication services in the PRC, the Group's business was carried out by T&I Net Communication and its subsidiaries operating in Mainland China during the Relevant Periods. As part of the Reorganisation, on 12 May 2021, WFOE, T&I Net Communication and/or the shareholders of T&I Net Communication entered into a set of contractual arrangements which enable the Company to exercise effective control over T&I Net Communication and obtain substantially all economic benefits of T&I Net Communication. Accordingly, T&I Net Communication has since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in T&I Net Communication. Details of the contractual arrangements are set out in the section headed "Contractual Arrangements" in the Document.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 12 May 2021. As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing companies as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2019 and 2020 include the consolidated assets and liabilities of all companies now comprising the Group as if the current group structure had been in existence as of the respective dates. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 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"). All IFRSs effective for the accounting period commencing from 1 January 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. The Group also adopted the Amendments to IFRS 16 *Covid-19-Related Rent Concessions* for rent concessions occurring as a direct consequence of the covid-19 pandemic during the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 No mandatory effective date yet determined but available for adoption.

4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial information.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have any significant impact on the Group's financial information.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Office equipment	19% to 33.33%
Electronics equipment	19% to 33.33%
Motor vehicles	19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.5 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IFRS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach under certain circumstances as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Rendering of services

Revenue from SaaS solutions is measured on a transactional basis and is recognised over time, using an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by the Group. In particular, revenue on usage-based service contracts with a specified rate but an unspecified quantity is recognised utilising the right to invoice practical expedient resulting in revenue being recognised in the amount for which the Group has the right to invoice as service is rendered. The Group's revenue from SaaS services are billed to customers mostly on a monthly basis.

The Group's VPC solutions included customisation services and provision of software licences. Revenue from customisation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue from customisation services based on the basis of the actual labour hours expended relative to the total expected hours to complete the services. Revenue from software licence fees is recognised at the point in time because the Group provides the customer with a right to use the Group's licence as it exists at the point in time that it is granted. The Group recognises revenue from software licence fees upon acceptance of software by customers.

Revenue from other miscellaneous services is recognised over time, using an output method to measure customers' usages of services, because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group has a share award arrangement and a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee or other qualifying person are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pension scheme

The Group's employees in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The functional currency and presentation currency of the Company are Hong Kong dollar ("HK$") and RMB, respectively.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Group's entities not operating in Mainland China are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of an entity not operating in Mainland China, the component of other comprehensive income relating to that particular entity is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

For the purpose of the consolidated statements of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development costs

Development expenses incurred on the Group's products and services are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 17 and 18 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group had no deferred tax assets relating to recognised tax losses at 31 December 2019, 2020 and 2021. The amount of unrecognised tax losses at 31 December 2019, 2020 and 2021 were RMB6,374,000, RMB6,378,000 and RMB4,619,000, respectively. Further details of the Group's unrecognised tax losses at the end of each of the Relevant Periods are contained in note 26 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of artificial intelligence-based customer contact solution software and related services in SaaS model and VPC model. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

All of the Group's revenue derived from customers were located in Mainland China during the Relevant Periods.

(b) Non-current assets

All of the Group's non-current assets were located in Mainland China as at the end of each of the Relevant Periods.

Information about major customers

During the Relevant Periods, there was no customer individually accounted for more than 10% of the Group' revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
SaaS solutions	325,328	341,197	370,738
VPC solutions	708	5,927	21,298
Other services and product sales	8,777	6,620	9,861
	334,813	353,744	401,897

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Transfer over time:			
SaaS solutions	325,328	341,197	370,738
VPC solutions	–	448	14,396
Other services and product sales	8,360	6,456	5,892
	333,688	348,101	391,026
Transfer at a point in time:			
VPC solutions	708	5,479	6,902
Other services and product sales	417	164	3,969
	1,125	5,643	10,871
	334,813	353,744	401,897

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of the respective period:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
SaaS solutions	21,961	21,691	17,152
VPC solutions	–	332	504
Other services and product sales	398	717	477
	22,359	22,740	18,133

Information about the Group's performance obligations is summarised below:

SaaS solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date, except for small-sized customers where payment in advance is normally required.

VPC solutions

The performance obligation of customisation services is satisfied over time as services are rendered and payment is generally due within 30 days from the date of acceptance. The performance obligation of providing software licences is satisfied at a point in time, i.e., upon acceptance of software by customers, and payment is generally due within 30 days from the date of acceptance. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services and product sales

The performance obligation of other services is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date. The performance obligation of product sales is satisfied upon delivery of the products and payment is generally due within 30 days from delivery, except for small-sized customers where payment in advance is normally required.

With respect to the ongoing contracts with customers available as of the end of each of the Relevant Periods that are expected to be recognised as revenue, they are further analysed into:

	31 December 2019	**31 December 2020**	**31 December 2021**
	RMB'000	*RMB'000*	*RMB'000*
Amounts of contracts with customers in respect of VPC solutions expected to be recognised as revenue within one year attributable to the remaining unsatisfied or partially satisfied performance obligations	1,379	6,612	6,567
Amounts of contracts with customers in respect of SaaS solutions, other services and product sales expected to be recognised as revenue within one year	22,408	17,629	22,434
	23,787	24,241	29,001

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Bank interest income	667	159	819
Investment income from financial investments at fair value through profit or loss	3,568	4,806	2,211
Dividend income from equity investments at fair value through other comprehensive income	121	–	–
Government grant*	3,613	7,986	4,689
Others	68	23	10
	8,037	12,974	7,729
Gains			
Fair value gains on financial investments at fair value through profit or loss	808	1,088	474
Gain on disposal of equity investments designated at fair value through other comprehensive income	–	–	81
Gain on disposal of property, plant and equipment	–	–	3
	808	1,088	558
	8,845	14,062	8,287

* Various government grants during the Relevant Periods were mainly attributable to the Group's development in software industry and contributions to the district where the Group's primary business operates, as well as additional value-added tax deductibles. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	**Year ended 31 December 2019** *RMB'000*	**Year ended 31 December 2020** *RMB'000*	**Year ended 31 December 2021** *RMB'000*
Cost of services provided		178,612	178,125	216,535
Cost of products sold		318	180	2,659
Depreciation of property, plant and equipment*	*13*	3,142	2,100	1,810
Depreciation of right-of-use assets*	*14(a)*	4,554	5,303	6,171
Amortisation of other intangible assets	*15*	381	498	566
Lease payments not included in the measurement of lease liabilities*	*14(c)*	1,499	1,416	1,650
Auditor's remuneration		[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		–	–	[REDACTED]
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):*				
Wages and salaries		58,660	79,269	106,098
Equity-settled share-based payment expense		2,114	1,343	1,230#
Pension scheme contributions (defined contribution scheme)**		4,875	494	10,181
		65,649	81,106	117,509
Impairment of financial assets:				
Impairment of trade receivables	*17*	666	1,883	3,026
Impairment of contract assets	*18*	–	–	320
Impairment of financial assets included in prepayments, other receivables and other assets	*19*	146	–	77
		812	1,883	3,423
Loss on disposal/write-off of property, plant and equipment***		–	49	–
Loss on disposal/write-off of other intangible assets***		81	–	–
Donations***		–	552	–
Penalties and late fees***		202	26	54
Foreign exchange differences, net***		–	–	55
Write-off of prepayments***		–	–	184

* The amounts of the following expenses are included in the cost of services provided:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment	–	367	344
Depreciation of right-of-use assets	1,775	1,738	1,850
Lease payments not included in the measurement of lease liabilities	949	1,346	1,608
Employee benefit expense	436	2,680	6,752

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** These items are included in "Other expenses and losses" in the consolidated statements of profit or loss.

\# Included in the amount is an equity-settled share-based payment expense of RMB410,000 attributable to a participant to the share award arrangement who later became an employee of the Group.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	757	677	538
Interest on bank borrowings	–	–	98
	757	677	636

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 31 March 2021, the date of incorporation of the Company, Mr. WU Qiang ("Mr. Wu") was appointed as a director of the Company; and on 20 May 2021, Mr. PAN Wei ("Mr. Pan"), Mr. LI Jin ("Mr. Li") and Mr. AN Jingbo ("Mr. An") were appointed as directors of the Company. On 26 May 2021, Mr. Wu, Mr. Pan, Mr. Li and Mr. An were re-designated as executive directors of the Company. As approved by the Board of Directors of the Company on 26 May 2021, Mr. LI Zhiyong, Mr. FU Haobo and Mr. WANG Sheng were appointed as independent non-executive directors ("INEDs") of the Company with effect from the date of the [**REDACTED**] of the Company. On 3 September 2021, as approved by the Board of Directors, the appointment of Mr. FU Haobo and Mr. WANG Sheng as INEDs was repealed, and Mr. LI Pengtao and Ms. WENG Yang were appointed as INEDs of the Company with effect from the date of the [**REDACTED**] of the Company.

Certain directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is summarised below:

	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*
Fees	144	144	144
Other emoluments:			
Salaries, allowances and benefits in kind	2,000	1,938	1,987
Performance related bonuses	2,212	599	–
Pension scheme contributions	200	16	212
	4,412	2,553	2,199
	4,556	2,697	2,343

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*
Mr. WANG Sheng	72	72	72
Mr. FU Haobo	72	72	72
Mr. LI Zhiyong	–	–	–
Mr. LI Pengtao	–	–	–
Ms. WENG Yang	–	–	–
	144	144	144

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and the chief executive

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Equity-Settled share-based payment expense *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2019						
Mr. Wu*	–	500	558	–	50	1,108
Mr. Pan	–	500	558	–	50	1,108
Mr. Li	–	500	558	–	50	1,108
Mr. An	–	500	538	–	50	1,088
	–	2,000	2,212	–	200	4,412

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-Settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020						
Mr. Wu*	–	482	144	–	4	630
Mr. Pan	–	482	144	–	4	630
Mr. Li	–	482	144	–	4	630
Mr. An	–	492	167	–	4	663
	–	1,938	599	–	16	2,553
Year ended 31 December 2021						
Mr. Wu*	–	504	–	–	53	557
Mr. Pan	–	475	–	–	53	528
Mr. Li	–	504	–	–	53	557
Mr. An	–	504	–	–	53	557
	–	1,987	–	–	212	2,199

* Mr. Wu is also the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the years ended 31 December 2019, 2020 and 2021 were three, nil and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, five and five highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2019, 2020 and 2021, respectively, are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	855	3,588	3,141
Performance related bonuses	1,439	1,388	848
Equity-settled share-based payment expense	625	67	686
Pension scheme contributions	82	19	205
	3,001	5,062	4,880

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
Nil to HK$1,000,000	–	1	3
HK$1,000,001 to HK$1,500,000	1	3	1
HK$1,500,001 to HK$2,000,000	–	1	–
HK$2,000,001 to HK$2,500,000	1	–	1
	2	5	5

During the Relevant Periods, certain non-director and non-chief executive highest paid employees were granted effective equity interest of T&I Net Communication in respect of their services to the Group, under the share award arrangement of the Group, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such effective equity interest, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. The Hong Kong profits tax rate during the Relevant Periods was 16.5%.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the Relevant Periods, T&I Net Communication was entitled to a preferential tax rate of 15% because it was accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to preferential tax rates of 5%, 5% and 2.5% of the taxable income within RMB1,000,000, and 10%, 10% and 10% of the taxable income between RMB1,000,000 and RMB3,000,000, for the years ended 31 December 2019, 2020 and 2021, respectively, because they were regarded as "small-scaled minimal profit enterprises", one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding period.

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
Current tax charged for the year	6,522	8,706	865
Deferred tax credited for the year *(note 26)*	(171)	(218)	(197)
	6,351	8,488	668

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
Profit/(loss) before tax			
Cayman Islands	–	–	(13,858)
Hong Kong	–	–	–
Mainland China	65,496	78,655	32,344
	65,496	78,655	18,486
Tax at the statutory tax rate			
Cayman Islands	–	–	–
Hong Kong	–	–	–
Mainland China	16,374	19,664	8,086
	16,374	19,664	8,086
Lower tax rates enacted by relevant authorities	(6,743)	(7,761)	(3,503)
Income not subject to tax	(18)	–	–
Expenses not deductible for tax	445	302	1,594
Additional deductible allowance for research and development expenses	(3,652)	(3,773)	(5,500)
Tax losses utilised from previous periods	(17)	–	(9)
Tax losses not recognised	–	56	–
Temporary differences not recognised	(38)	–	–
Tax charge at the Group's effective rate	6,351	8,488	668

11. DIVIDENDS

The Group's dividends during the Relevant Periods were declared by T&I Net Communication to its shareholders prior to the completion of the Reorganisation, details of which are as follows:

Per ordinary share	Number of Ordinary shares	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*
2018 final – RMB0.4	51,660,000	20,664	–	–
2020 interim – RMB0.6	51,660,000	–	30,996	–
2021 interim – RMB0.5	51,660,000	–	–	25,830
		20,664	30,996	25,830

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purposes of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods on the basis as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Office equipment *RMB'000*	Electronics equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2019					
At 1 January 2019:					
Cost	584	405	17,259	1,057	19,305
Accumulated depreciation and impairment	(21)	(211)	(12,369)	(751)	(13,352)
Net carrying amount	563	194	4,890	306	5,953
At 1 January 2019, net of accumulated depreciation and impairment	563	194	4,890	306	5,953
Additions	388	261	1,024	–	1,673
Depreciation provided during the year	(322)	(108)	(2,567)	(145)	(3,142)
At 31 December 2019, net of accumulated depreciation and impairment	629	347	3,347	161	4,484
At 31 December 2019:					
Cost	972	666	18,272	1,057	20,967
Accumulated depreciation and impairment	(343)	(319)	(14,925)	(896)	(16,483)
Net carrying amount	629	347	3,347	161	4,484

	Leasehold improvements *RMB'000*	Office equipment *RMB'000*	Electronics equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	972	666	18,272	1,057	20,967
Accumulated depreciation and impairment	(343)	(319)	(14,925)	(896)	(16,483)
Net carrying amount	629	347	3,347	161	4,484
At 1 January 2020, net of accumulated depreciation and impairment	629	347	3,347	161	4,484
Additions	124	31	655	–	810
Disposals/write-off	–	–	(55)	–	(55)
Depreciation provided during the year	(160)	(134)	(1,744)	(62)	(2,100)
At 31 December 2020, net of accumulated depreciation and impairment	593	244	2,203	99	3,139
At 31 December 2020:					
Cost	1,096	697	17,707	1,057	20,557
Accumulated depreciation and impairment	(503)	(453)	(15,504)	(958)	(17,418)
Net carrying amount	593	244	2,203	99	3,139
31 December 2021					
At 1 January 2021:					
Cost	1,096	697	17,707	1,057	20,557
Accumulated depreciation and impairment	(503)	(453)	(15,504)	(958)	(17,418)
Net carrying amount	593	244	2,203	99	3,139
At 1 January 2021, net of accumulated depreciation and impairment	593	244	2,203	99	3,139
Additions	40	–	2,242	–	2,282
Depreciation provided during the year	(246)	(135)	(1,382)	(47)	(1,810)
At 31 December 2021, net of accumulated depreciation and impairment	387	109	3,063	52	3,611
At 31 December 2021:					
Cost	1,136	697	19,949	1,057	22,839
Accumulated depreciation and impairment	(749)	(588)	(16,886)	(1,005)	(19,228)
Net carrying amount	387	109	3,063	52	3,611

14. LEASES

Group as a lessee

The Group has certain lease contracts for buildings for its office and server use. Leases of buildings generally have lease terms between one month and five years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets for buildings and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	15,146	12,717	12,305
Additions	2,125	4,891	1,647
Depreciation charge	(4,554)	(5,303)	(6,171)
Carrying amount at end of year	12,717	12,305	7,781

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	14,988	13,074	12,891
New leases	2,125	4,891	1,647
Accretion of interest recognised during the year	757	677	538
Payments	(4,796)	(5,751)	(7,086)
Carrying amount at end of year	13,074	12,891	7,990
Analysed into:			
Current portion			
– repayable within one year	4,630	6,513	5,281
Non-current portion			
– repayable in the second year	4,165	4,272	2,582
– repayable in the third to fifth year, inclusive	4,279	2,106	127
	8,444	6,378	2,709

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	757	677	538
Depreciation charge of right-of-use assets	4,554	5,303	6,171
Expense relating to short-term leases	1,499	1,416	1,650
Total amount recognised in profit or loss	6,810	7,396	8,359

(d) The total cash outflow for leases is disclosed in note 30(c) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

Software

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year:			
Cost	3,548	3,786	4,246
Accumulated amortisation and impairment	(724)	(970)	(1,468)
Net carrying amount	2,824	2,816	2,778
At beginning of year, net of accumulated amortisation and impairment	2,824	2,816	2,778
Additions	454	460	759
Disposals/write-off	(81)	–	–
Amortisation provided during the year	(381)	(498)	(566)
At end of year, net of accumulated amortisation and impairment	2,816	2,778	2,971
At end of year:			
Cost	3,786	4,246	5,005
Accumulated amortisation and impairment	(970)	(1,468)	(2,034)
Net carrying amount	2,816	2,778	2,971

16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investment:			
Neunit Communication Technology (Beijing) Co., Ltd.* (新聯協同通信技術(北京)有限公司)	8,069	8,177	–

* The English name represents the best efforts made by the management of the Company to translate the Chinese name

The investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

On 24 March 2021, the Group sold its entire 8.9985% equity interest in Neunit Communication Technology (Beijing) Co., Ltd. at a cash consideration of approximately RMB8,258,000 as this investment no longer coincided with the Group's investment strategy. The corresponding disposal gain was RMB81,000 and the accumulated gain recognised in other comprehensive income of RMB1,851,000 was transferred to retained profits.

17. TRADE RECEIVABLES

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	50,560	79,308	69,381
Impairment	(2,207)	(4,090)	(4,993)
	48,353	75,218	64,388

The Group's trading terms with its customers are mainly on credit, except for small-sized customers, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are settled in accordance with the terms of the respective contracts. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the billing date and net of loss allowance, is as follows:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	40,089	58,842	49,353
4 to 12 months	7,325	14,921	13,955
1 to 2 years	939	1,455	1,080
	48,353	75,218	64,388

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,541	2,207	4,090
Impairment losses *(note 6)*	666	1,883	3,026
Amount written off as uncollectible	–	–	(2,123)
At end of year	2,207	4,090	4,993

The increase in the loss allowance during the years ended 31 December 2019 and 2020 was mainly due to the increase in the loss allowance of RMB642,000 and RMB1,191,000, respectively, as a result of an increase in the gross amount of trade receivables aged over one year.

The increase in the loss allowance during the year ended 31 December 2021 was mainly due to the increase in the loss allowance of RMB1,508,000 as a result of a specific provision made against an aggregate gross amount of trade receivables within the same industry.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	1.69%	57.68%	100.00%	4.37%
Gross carrying amount (RMB'000)	48,231	2,219	110	50,560
Expected credit losses (RMB'000)	817	1,280	110	2,207

As at 31 December 2020

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	2.00%	53.50%	100.00%	5.16%
Gross carrying amount (RMB'000)	75,272	3,129	907	79,308
Expected credit losses (RMB'000)	1,509	1,674	907	4,090

As at 31 December 2021

	Ageing			
	Within 1 year	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	3.40%	64.82%	100.00%	7.20%
Gross carrying amount (RMB'000)	65,534	3,070	777	69,381
Expected credit losses (RMB'000)	2,226	1,990	777	4,993

18. CONTRACT ASSETS

	31 December 2019	**31 December 2020**	**31 December 2021**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from services relating to VPC solutions	–	277	2,534
Impairment	–	–	(320)
	–	277	2,214

Contract assets are initially recognised for revenue earned from services relating to VPC solutions as the receipt of consideration is conditional on successful completion of the projects. Upon completion of services rendered and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The increase in contract assets for the year ended 31 December 2020 and 2021 was the result of the increase in the ongoing services relating to VPC solutions at 31 December 2020 and 2021, respectively.

The expected timing of recovery or settlement for contract assets as at end of each of the Relevant Periods is as follows:

	31 December 2019	**31 December 2020**	**31 December 2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	277	2,214

The movements in the loss allowance for impairment of contract assets are as follows:

	Year ended 31 December 2019	**Year ended 31 December 2020**	**Year ended 31 December 2021**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	–	–	–
Impairment losses *(note 6)*	–	–	320
At end of year	–	–	320

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Expected credit loss rate	0.00%	0.00%	12.63%
Gross carrying amount (RMB'000)	–	277	2,534
Expected credit losses (RMB'000)	–	–	320

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	The Group			The Company
	31 December 2019	31 December 2020	31 December 2021	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	2,338	4,572	9,408	2,381
Deposits	2,938	2,712	3,122	–
Other receivables	733	151	538	98
Prepaid other tax	918	161	384	–
	6,927	7,596	13,452	2,479
Impairment	(680)	(680)	(757)	–
	6,247	6,916	12,695	2,479

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group's movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	534	680	680
Impairment losses *(note 6)*	146	–	77
At end of year	680	680	757

The increase in the loss allowance for the years ended 31 December 2019 and 2021 was due to the increase in the gross carrying amount of other receivables and deposits aged over two years.

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	30,394	30,107	–
Structured deposits	60,265	100,378	–
Trust plans	40,000	–	–
Funds	25,149	20,752	31,227
	155,808	151,237	31,227

The Group's wealth management products and structured deposits were issued by commercial banks operating in Mainland China, and the Group's trust plans and funds were issued by licensed trust management companies and licensed fund management companies operating in Mainland China, respectively. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	The Group			The Company
	31 December 2019	31 December 2020	31 December 2021	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	17,741	32,953	147,545	966
Short term deposits	–	–	5,000	–
Time deposits	–	–	21,293	–
	17,741	32,953	173,838	966
Less: Pledged time deposits for bank borrowings	–	–	(21,293)	–
	17,741	32,953	152,545	966

At the end of each of the Relevant Periods, all of the Group's cash and bank balances, short term deposits and pledged time deposits were denominated in RMB, except for the Company's cash and bank balances amounting to RMB930,000 and RMB36,000 at 31 December 2021 which were denominated in the United States dollar ("USD") and HK$, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are available for withdrawals with seven-day notices in advance depending on the immediate cash requirements of the Group, and earn interest at the short term deposit rates. The bank balances, short term deposits and pledged time deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the billing date, is as follows:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	19,789	12,106	15,048
4 to 12 months	637	1,818	460
1 to 2 years	57	–	232
	20,483	13,924	15,740

The trade payables are non-interest-bearing and are normally settled on ninety-day terms.

23. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	1 January 2019	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SaaS solutions	21,961	21,691	17,152	21,757
VPC solutions	–	332	504	282
Other services and product sales	398	717	477	677
	22,359	22,740	18,133	22,716

The increase in contract liabilities for the year ended 31 December 2019 was mainly due to the increase in short-term advances received from customers in relation to VPC solutions and other services and product sales at the end of the year. The decrease in contract liabilities for the year ended 31 December 2020 was mainly due to the decrease in short-term advances received from customers in relation to SaaS solutions and other services and product sales at the end of the year. The increase in contract liabilities for the year ended 31 December 2021 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions and other services and product sales at the end of the year.

24. OTHER PAYABLES AND ACCRUALS

		The Group		The Company
	31 December 2019	31 December 2020	31 December 2021	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payables	12,089	12,646	12,500	–
Other tax payables	2,221	6,160	3,254	–
Other payables	1,240	840	7,108	6,510
	15,550	19,646	22,862	6,510

Other payables are non-interest-bearing and have an average term within one year.

25. INTEREST-BEARING BANK BORROWINGS

	The Group			The Company
	31 December 2019	31 December 2020	31 December 2021	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings, secured	–	–	10,520	10,520

The Company's loan facility amounting to USD3,000,000 (equivalent to RMB19,127,000), of which USD1,650,000 (equivalent to RMB10,520,000) had been utilised as at 31 December 2021, is repayable within one year. It is interest-bearing at a rate of 3-month LIBOR plus 1.2% per annum and is, through the use of guarantee and standby letter of credit arranged by a bank, secured by one of its subsidiaries' bank deposits of RMB21,000,000.

26. DEFERRED TAX

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

	Fair value adjustments of equity investments at fair value through other comprehensive income	Fair value adjustments of financial investments at fair value through profit or loss	Impairment of financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	(232)	(57)	178	(111)
Deferred tax credited/(charged) to:				
profit or loss *(note 10)*	–	(64)	235	171
other comprehensive income	(78)	–	–	(78)
At 31 December 2019 and 1 January 2020	(310)	(121)	413	(18)
Deferred tax credited/(charged) to:				
profit or loss *(note 10)*	–	(65)	283	218
other comprehensive income	(16)	–	–	(16)
At 31 December 2020 and 1 January 2021	(326)	(186)	696	184
Deferred tax credited to				
profit or loss *(note 10)*	–	2	195	197
Disposal of equity investments designated at fair value through other comprehensive income	326	–	–	326
At 31 December 2021	–	(184)	891	707

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	6,374	6,378	4,619
Deductible temporary differences	129	131	131
	6,503	6,509	4,750

Tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB79,653,000, RMB115,984,000 and RMB121,398,000 as at 31 December 2019, 2020 and 2021, respectively. These temporary differences are subject to the CIT rate of 25% upon their transfers to the WFOE via the contractual arrangements.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid	–	–	98

The Company was incorporated in the Cayman Islands on 31 March 2021 with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each; therefore, the Company's share capital was nil during the years ended 31 December 2019 and 2020.

At the date of incorporation, on 31 March 2021, the Company allotted and issued 123,450,000 ordinary shares at USD0.0001 each for an aggregate cash consideration of USD12,345 (equivalent to approximately RMB81,000), credited as fully paid, to entities owned by the directors, which were also the then beneficial shareholders, of T&I Net Communication as well as to a shareholder of T&I Net Communication in proportion to their relative effective equity interest in T&I Net Communication. On 19 May 2021, the Company allotted and issued 26,550,000 ordinary shares at USD0.0001 each for an aggregate consideration of USD2,655 (equivalent to approximately RMB17,000), credited as fully paid, to TI YUN Limited, details of which are set out in note 28 to the Historical Financial Information. Upon completion of the above share allotments, the effective equity interest of the Company, as represented by the number of ordinary shares of the Company, held by individual shareholders is identical to or no more than the effective equity interest of T&I Net Communication held by the respective shareholder prior to the commencement of the Reorganisation, and the Company effectively exchanged all of the ordinary shares held by each of the shareholders of T&I Net Communication into the ordinary shares of the Company.

28. SHARE-BASED PAYMENTS

The Group had a share award arrangement and a share incentive plan during the Relevant Periods, both of which aim at providing incentives to the Company's directors and the Group's employees and other eligible participants and optimising the remuneration structure of the Group.

Share award arrangement

In recognition of the contributions of T&I Net Communication's directors and other employees and eligible participants of the Group, the shareholders of T&I Net Communication operated a share award arrangement through Beijing Yunhao Investment Centre (Limited Partnership) ("Beijing Yunhao"), Beijing Yunjing Industrial Investment Centre (Limited Partnership) ("Beijing Yunjing") and Beijing Yunyu Consulting Management Centre (Limited Partnership) ("Beijing Yunyu") which were established in the PRC in May 2015, May 2015 and November 2020, respectively, and held direct equity interest in T&I Net Communication. According to the share award arrangement, the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu is an entity wholly-owned by a director of T&I Net Communication and the limited partners comprised T&I Net Communication's directors and certain other employees and eligible participants of the Group (or their designated nominees). As part of the share award arrangement, T&I Net Communication's directors also acquired effective equity interest in T&I Net Communication from Beijing Tianchuang Chuangrun Investment Centre (Limited Partnership) ("Beijing Tianchuang Chuangrun"), which is controlled by a shareholder of the Company.

For the years ended 31 December 2019, 2020 and 2021, the participants of the share award arrangement altogether acquired from Beijing Yunhao, Beijing Yunjing, Beijing Yunyu and/or Beijing Tianchuang Chuangrun the effective equity interest of approximately 0.58%, 0.39% and 1.90% in T&I Net Communication at RMB851,000, RMB800,000 and RMB9,434,000, respectively. The Group has estimated the fair value of share award by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its subsidiaries, discount rates of 11.4%, 11.5% and 12.6%, and zero perpetual growth rate for the years ended 31 December 2019, 2020 and 2021, respectively. The fair values of share award granted to the participants were RMB2,965,000, RMB2,143,000 and RMB10,606,000 for the years ended 31 December 2019, 2020 and 2021, respectively, and the corresponding share-based payment expenses were RMB2,114,000, RMB1,343,000 and RMB1,172,000, after deducting the amount of the cash consideration paid/payable by the participants.

Share incentive plan

The Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations through the grant of restricted shares or restricted share units of the Company. Eligible participants of the share incentive plan include any directors, supervisors, full-time executives, officers, managers, or employees of the Group or any of its subsidiaries, or any advisor or consultant in which the chief executive officer of the Company considers has contributed or will contribute to the Group. The Company's share incentive plan became effective on 13 May 2021 and, unless otherwise terminated, will remain in force for 10 years from that date.

The maximum number of ordinary shares underlying the share incentive plan is 26,550,000 ordinary shares of the Company, which is held by TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan. Any further issue of new ordinary shares of the Company in excess of this limit is subject to shareholders' approval.

The offer for the grant of restricted shares and restricted share units of the Company may be accepted for a period stated in the offer document. While the restricted shares are vested as granted, the restricted share units are vested according to a vesting schedule as set out in the respective offer for the grant. The restricted share purchase price and the consideration for the restricted share unit are determined by the chief executive officer of the Company.

On 13 May 2021, all the share award granted prior to the adoption of the share incentive plan were transferred to the share incentive plan as 22,459,299 restricted shares of the Company. As all the share award granted prior to the adoption of the share incentive plan were fully vested on their respective grant dates, there was no impact on the Group's profit or loss arising from their transfer to the share incentive plan as restricted shares of the Company. According to the offer for the grant, all the restricted shares are to be released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the [**REDACTED**] of the Company, respectively. During the year ended 31 December 2021, there were cancellations of 58,080 restricted shares of the Company.

On the same date, as approved by the Board of Directors of the Company, certain employees of the Group were granted 501,080 restricted share units of the Company. All the restricted share units are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the [**REDACTED**] of the Company (except for one employee whose restricted share units are subject to five-equal tranches on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the [**REDACTED**] of the Company), respectively. During the year ended 31 December 2021, there were cancellations of 10,000 restricted share units of the Company.

The Group has estimated the fair value of the aforementioned restricted share units to be RMB1,826,000 by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its subsidiaries, a discount rate of 12.6%, and zero perpetual growth rate. The corresponding share-based payment expense for the year ended 31 December 2021 and the unamortised portion as at 31 December 2021 were RMB58,000 and RMB93,000, respectively, after deducting the amount of the cash consideration of RMB1,675,000 paid/payable by the participants.

Subsequent to the end of the Relevant Periods, there were cancellations of 204,201 restricted shares and 50,000 restricted share units of the Company. At the date of approval of the Historical Financial Information, the Company had 22,197,018 restricted shares and 441,080 restricted share units outstanding, which represented 14.8% and 0.3%, respectively, of the Company's shares in issue at that date.

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve represents the capital and capital reserve amounts of T&I Net Communication.

(b) Share-based payment reserve

Share-based payment reserve represents the fair value of the awarded equity interest of T&I Net Communication and restricted share units of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payment in note 2.4 to the Historical Financial Information. They will be transferred to the capital reserve upon the vesting of the awarded equity interest of T&I Net Communication and restricted share units of the Company.

The Company

	Exchange fluctuation reserve *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At date of incorporation at 31 March 2021	–	–	–
Loss for the period	–	(13,858)	(13,858)
Exchange differences on translation of the financial statements of the Company	175	–	175
Total comprehensive loss for the period	175	(13,858)	(13,683)
At 31 December 2021	175	(13,858)	(13,683)

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2019, 2020 and 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,125,000, RMB4,891,000 and RMB1,647,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
At beginning of year	14,988	13,074	12,891
Changes from financing cash flows	(4,039)	(5,074)	(6,548)
New leases	2,125	4,891	1,647
Interest expenses	757	677	538
Interest paid classified as operating cash flows	(757)	(677)	(538)
At end of year	13,074	12,891	7,990

Interest-bearing bank borrowings

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
At beginning of year	–	–	–
Changes from financing cash flows	–	–	10,536
Effect of foreign exchange rate changes, net	–	–	(16)
At end of year	–	–	10,520

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
Within operating activities	2,256	2,093	2,188
Within financing activities	4,039	5,074	6,548
	6,295	7,167	8,736

31. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December 2019 *RMB'000*	31 December 2020 *RMB'000*	31 December 2021 *RMB'000*
Contracted, but not provided for:			
Electronics equipment	8	154	–

32. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*
Short term employee benefits	4,356	2,681	2,553
Post-employment benefits	200	16	254
	4,556	2,697	2,807

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

Financial assets

As at 31 December 2019

	Financial assets at fair value through profit or loss – mandatorily designated as such *RMB'000*	Financial assets at fair value through other comprehensive income – equity investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Equity investments designated at fair value through other comprehensive income	–	8,069	–	8,069
Trade receivables	–	–	48,353	48,353
Financial assets included in prepayments, other receivables and other assets	–	–	2,991	2,991
Financial investments at fair value through profit or loss	155,808	–	–	155,808
Cash and cash equivalents	–	–	17,741	17,741
	155,808	8,069	69,085	232,962

As at 31 December 2020

	Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at fair value through other comprehensive income – equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	8,177	–	8,177
Trade receivables	–	–	75,218	75,218
Financial assets included in prepayments, other receivables and other assets	–	–	2,183	2,183
Financial investments at fair value through profit or loss	151,237	–	–	151,237
Cash and cash equivalents	–	–	32,953	32,953
	151,237	8,177	110,354	269,768

As at 31 December 2021

	Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at fair value through other comprehensive income – equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	64,388	64,388
Financial assets included in prepayments, other receivables and other assets	–	–	2,903	2,903
Financial investments at fair value through profit or loss	31,227	–	–	31,227
Pledged deposits	–	–	21,293	21,293
Cash and cash equivalents	–	–	152,545	152,545
	31,227	–	241,129	272,356

Financial liabilities

	Financial liabilities at amortised cost		
	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	20,483	13,924	15,740
Financial liabilities included in other payables and accruals	1,240	840	7,108
Interest-bearing bank borrowings	–	–	10,520
Lease liabilities	13,074	12,891	7,990
	34,797	27,655	41,358

The Company

Financial assets

	Financial assets at amortised cost 31 December 2021
	RMB'000
Financial assets included in prepayments, other receivables and other assets	98
Cash and cash equivalents	966
	1,064

Financial liabilities

	Financial liabilities at amortised cost 31 December 2021
	RMB'000
Financial liabilities included in other payables and accruals	6,510
Interest-bearing bank borrowings	10,520
	17,030

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets – carrying amounts

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Financial investments at fair value through profit or loss	155,808	151,237	31,227
	163,877	159,414	31,227

Financial assets – fair values

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Financial investments at fair value through profit or loss	155,808	151,237	31,227
	163,877	159,414	31,227

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry and listing status, and to calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The Group also invests in other unlisted investments, comprising wealth management products, structured deposits, trust plans and funds. The Group has estimated the fair value of certain wealth management products, structured deposits and trust plans by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks, and the fair value of certain wealth management products and funds based on their respective unadjusted quoted prices in active markets.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019 and 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	31 December 2019: 1.3	31 December 2019: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB403,000
			2020: 1.3	2020: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB409,000
		Discount for lack of marketability	31 December 2019: 32%	31 December 2019: 5.0% increase/decrease in discount would result in decrease/increase in fair value by RMB589,000
			2020: 15%	2020: 5.0% increase/decrease in discount would result in decrease/increase in fair value by RMB483,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	8,069	8,069
Financial investments at fair value through profit or loss	45,543	110,265	–	155,808
	45,543	110,265	8,069	163,877

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	8,177	8,177
Financial investments at fair value through profit or loss	20,752	130,485	–	151,237
	20,752	130,485	8,177	159,414

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	–	–	–
Financial investments at fair value through profit or loss	31,227	–	–	31,227
	31,227	–	–	31,227

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

Equity investments designated at fair value through other comprehensive income

	Year ended 31 December 2019	**Year ended 31 December 2020**	**Year ended 31 December 2021**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	7,550	8,069	8,177
Total gains recognised in other comprehensive income	519	108	–
Disposal	–	–	(8,117)
At end of year	8,069	8,177	–

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
		RMB'000	*RMB'000*
As at 31 December 2019			
USD	100	–	–
USD	(100)	–	–
As at 31 December 2020			
USD	100	–	–
USD	(100)	–	–
As at 31 December 2021			
USD	100	(105)	–
USD	(100)	105	–

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Company in currencies other than the Company's functional currency, i.e., HK$. In addition, the Group has currency exposures from its interest-bearing bank borrowings.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in fair values of monetary assets and liabilities) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in the USD exchange rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*RMB'000*	*RMB'000*
As at 31 December 2019			
If HK$ weakens against USD	(1)	–	–
If HK$ strengthens against USD	1	–	–

	Increase/ (decrease) in the USD exchange rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
As at 31 December 2020			
If HK$ weakens against USD	(1)	–	–
If HK$ strengthens against USD	1	–	–
As at 31 December 2021			
If HK$ weakens against USD	(1)	(143)	–
If HK$ strengthens against USD	1	143	–

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	50,560	50,560
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,991	–	–	–	2,991
– Doubtful**	–	–	680	–	680
Cash and cash equivalents	17,741	–	–	–	17,741
	20,732	–	680	50,560	71,972

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	79,308	79,308
Contract assets*	–	–	–	277	277
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,183	–	–	–	2,183
– Doubtful**	–	–	680	–	680
Cash and cash equivalents	32,953	–	–	–	32,953
	35,136	–	680	79,585	115,401

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	69,381	69,381
Contract assets*	–	–	–	2,534	2,534
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,903	–	–	–	2,903
– Doubtful**	–	–	757	–	757
Pledged deposits	21,293	–	–	–	21,293
Cash and cash equivalents	152,545	–	–	–	152,545
	176,741	–	757	71,915	249,413

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 17 and 18 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 17 and 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2019

	On demand or less than one year	One to five years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	20,483	–	20,483
Financial liabilities included in other payables and accruals	1,240	–	1,240
Lease liabilities	4,959	10,296	15,255
	26,682	10,296	36,978

As at 31 December 2020

	On demand or less than one year	One to five years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	13,924	–	13,924
Financial liabilities included in other payables and accruals	840	–	840
Lease liabilities	6,683	8,077	14,760
	21,447	8,077	29,524

As at 31 December 2021

	On demand or less than one year	One to five years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	15,508	232	15,740
Financial liabilities included in other payables and accruals	7,108	–	7,108
Interest-bearing bank borrowings	10,605	–	10,605
Lease liabilities	5,436	3,508	8,944
	38,657	3,740	42,397

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December 2019	31 December 2020	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	20,483	13,924	15,740
Financial liabilities included in other payables and accruals	1,240	840	7,108
Interest-bearing bank borrowings	–	–	10,520
Lease liabilities	13,074	12,891	7,990
Less: cash and cash equivalents	17,741	32,953	152,545
Net debt	17,056	(5,298)	(111,187)
Equity	187,396	228,002	221,471
Capital and net debt	204,452	222,704	110,284
Gearing ratio*	8%	N/A	N/A

* As at 31 December 2020 and 2021, the Group's cash and cash equivalents exceeded aggregated amounts of trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and lease liabilities. As such, no gearing ratio was presented.

36. EVENTS AFTER THE RELEVANT PERIODS

Other than the cancellations of 204,201 restricted shares and 50,000 restricted share units as disclosed in note 28 to the Historical Financial Information, there are no significant events subsequent to the end of the Relevant Periods.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2021.