The following is the text of a report set out on pages I-1 to I-79, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF REGO INTERACTIVE CO., LTD (FORMERLY KNOWN AS "REGO INVESTMENT HOLDINGS LIMITED") AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Rego Interactive Co., Ltd (formerly known as "Rego Investment Holdings Limited") (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-79, which comprises the consolidated statements of financial position of the Group as at 31 December 2019, 2020, 2021 and 30 April 2022 and the statements of financial position of the Company as at 31 December 2019, 2020, 2021 and 30 April 2022 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 30 September 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 (the "Directors") are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2019, 2020, 2021 and 30 April 2022 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2021 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The Directors are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 14 of Section II to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No financial statements for the Company

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

BDO Limited
Certified Public Accountants
[**REDACTED**]
Practising Certificate Number [**REDACTED**]
Hong Kong, 30 September 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The Historical Financial Information in this report was prepared based on the consolidated financial statements of the Group for the Track Record Period. The consolidated financial statements of the Group have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by 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 AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*7*	89,372	113,040	219,549	63,794	70,719
Cost of sales		(44,677)	(37,166)	(109,343)	(31,342)	(34,021)
Gross profit		44,695	75,874	110,206	32,452	36,698
Other income and other gains or losses	*8*	4,031	8,175	7,373	1,221	1,520
Provision for impairment losses on financial assets	*9*	(100)	(1,442)	(3,973)	(4,725)	(1,081)
Gain on disposal of subsidiaries		139	525	–	–	–
Selling and distribution expenses		(3,844)	(4,931)	(9,561)	(1,895)	(3,287)
Administrative expenses		(9,830)	(12,507)	(13,900)	(4,300)	(4,377)
Research and development expenses		(7,834)	(9,365)	(18,611)	(5,116)	(4,781)
[REDACTED]		–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	*10*	(82)	(353)	(674)	(177)	(376)
Profit before income tax	*11*	27,175	49,891	57,230	14,474	22,945
Income tax expense	*13*	(1,231)	(4,416)	(7,245)	(2,573)	(3,188)
Profit for the year/period		25,944	45,475	49,985	11,901	19,757
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
– Exchange differences arising from translation		(33)	104	41	34	51
Total comprehensive income for the year/period		25,911	45,579	50,026	11,935	19,808
Profit for the year/period attributable to:						
– Owners of the Company		26,416	45,779	49,985	11,901	19,757
– Non-controlling interests		(472)	(304)	–	–	–
		25,944	45,475	49,985	11,901	19,757
Total comprehensive income attributable to:						
– Owners of the Company		26,383	45,883	50,026	11,935	19,808
– Non-controlling interests		(472)	(304)	–	–	–
		25,911	45,579	50,026	11,935	19,808
Earnings per share for the profit attributable to owners of the Company during the year/period (expressed in RMB per share)						
– Basic	*15*	0.04	0.06	0.07	0.02	0.03

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	Notes	**2019**	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets	*18*	3,326	21,089	19,376	18,193
Property, plant and equipment	*19*	2,441	2,648	1,188	923
Right-of-use assets	*20*	243	–	–	–
Goodwill	*16*	4,210	14,342	14,342	14,342
Deposits	*23*	17	–	–	–
		10,237	38,079	34,906	33,458
Current assets					
Inventories	*21*	270	2,917	3,363	6,150
Contract assets	*26*	–	2,174	3,021	1,791
Trade receivables	*22*	14,077	38,954	82,189	132,981
Prepayments, deposits and other receivables	*23*	11,245	38,649	50,009	56,691
Amounts due from related parties	*24*	90	84	96	203
Pledged bank deposit	*25*	–	1,392	–	–
Cash and cash equivalents	*25*	42,346	32,062	61,475	25,408
		68,028	116,232	200,153	223,224
Total assets		78,265	154,311	235,059	256,682
Current liabilities					
Contract liabilities	*26*	–	2,928	3,377	5,419
Trade payables	*27*	5,412	9,545	40,525	32,648
Other payables and accruals	*28*	8,264	17,436	27,895	35,766
Amounts due to related parties	*24*	4,851	4,813	27,677	5,486
Bank borrowings	*29*	–	10,370	21,100	42,000
Lease liabilities	*20*	398	7	–	–
Income tax payable		1,554	5,990	8,123	9,013
		20,479	51,089	128,697	130,332
Net current assets		47,549	65,143	71,456	92,892
Total assets less current liabilities		57,786	103,222	106,362	126,350

		As at 31 December			As at 30 April
	Notes	**2019**	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Contract liabilities	*26*	–	75	47	255
Lease liabilities	*20*	70	–	–	–
Deferred tax liabilities	*30*	–	496	412	384
		70	571	459	639
Total liabilities		20,549	51,660	129,156	130,971
NET ASSETS		57,716	102,651	105,903	125,711
EQUITY					
Share capital	*31*	1	1	1	1
Reserves	*32*	56,717	102,650	105,902	125,710
Equity attributable to owners of the Company		56,718	102,651	105,903	125,711
Non-controlling interests	*34*	998	–	–	–
TOTAL EQUITY		57,716	102,651	105,903	125,711

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital *RMB'000* *(Note 31)*	**Other reserves** *RMB'000* *(Note 32(i))*	**Statutory reserves** *RMB'000* *(Note 32(ii))*	**Translation reserves** *RMB'000* *(Note 32(iii))*	**Retained earnings** *RMB'000* *(Note 32(iv))*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000* *(Note 34)*	**Total** *RMB'000*
At 1 January 2019	1	41	2,613	(5)	28,434	31,084	(26)	31,058
Profit for the year	–	–	–	–	26,416	26,416	(472)	25,944
Other comprehensive income for the year:								
Exchange differences arising on translation differences	–	–	–	(33)	–	(33)	–	(33)
Total comprehensive income for the year	–	–	–	(33)	26,416	26,383	(472)	25,911
Acquisition of a subsidiary	–	–	–	–	–	–	(142)	(142)
Acquisition of additional interest in a subsidiary *(Note 39)*	–	(749)	–	–	–	(749)	49	(700)
Net investments from non-controlling shareholders	–	–	–	–	–	–	1,505	1,505
Disposal of a subsidiary	–	–	–	–	–	–	84	84
Appropriation to statutory reserve	–	–	3,010	–	(3,010)	–	–	–
At 31 December 2019	1	(708)	5,623	(38)	51,840	56,718	998	57,716

	Attributable to owners of the Company							
	Share capital *RMB'000* *(Note 31)*	**Other reserves** *RMB'000* *(Note 32(i))*	**Statutory reserves** *RMB'000* *(Note 32(ii))*	**Translation reserves** *RMB'000* *(Note 32(iii))*	**Retained earnings** *RMB'000* *(Note 32(iv))*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000* *(Note 34)*	**Total** *RMB'000*
At 1 January 2020	1	(708)	5,623	(38)	51,840	56,718	998	57,716
Profit for the year	–	–	–	–	45,779	45,779	(304)	45,475
Other comprehensive income for the year:								
Exchange differences arising on translation differences	–	–	–	104	–	104	–	104
Total comprehensive income for the year	–	–	–	104	45,779	45,883	(304)	45,579
Disposal of subsidiaries	–	–	–	–	–	–	(644)	(644)
Acquisition of additional interest in a subsidiary	–	5	–	–	–	5	(61)	(56)
Disposal of interest in a subsidiary without loss of control	–	45	–	–	–	45	11	56
Appropriation to statutory reserve	–	–	3,478	–	(3,478)	–	–	–
At 31 December 2020	1	(658)	9,101	66	94,141	102,651	–	102,651

	Attributable to owners of the Company							
	Share capital	**Other reserves**	**Statutory reserves**	**Translation reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 31)	*(Note 32(i))*	*(Note 32(ii))*	*(Note 32(iii))*	*(Note 32(iv))*		*(Note 34)*	
At 1 January 2021	1	(658)	9,101	66	94,141	102,651	–	102,651
Profit for the year	–	–	–	–	49,985	49,985	–	49,985
Other comprehensive income for the year:								
Exchange differences arising on translation differences	–	–	–	41	–	41	–	41
Total comprehensive income for the year	–	–	–	41	49,985	50,026	–	50,026
Deemed distribution *(Note 40(b))*	–	(46,774)	(3,721)	–	3,721	(46,774)	–	(46,774)
Appropriation to statutory reserve	–	–	2,120	–	(2,120)	–	–	–
At 31 December 2021	1	(47,432)	7,500	107	145,727	105,903	–	105,903

	Attributable to owners of the Company							
	Share capital	**Other reserves**	**Statutory reserves**	**Translation reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 31)	*(Note 32(i))*	*(Note 32(ii))*	*(Note 32(iii))*	*(Note 32(iv))*		*(Note 34)*	
At 1 January 2022	1	(47,432)	7,500	107	145,727	105,903	–	105,903
Profit for the period	–	–	–	–	19,757	19,757	–	19,757
Other comprehensive income for the period:								
Exchange differences arising on translation differences	–	–	–	51	–	51	–	51
Total comprehensive income for the period	–	–	–	51	19,757	19,808	–	19,808
At 30 April 2022	1	(47,432)	7,500	158	165,484	125,711	–	125,711

	Attributable to owners of the Company							
	Share capital	**Other reserves**	**Statutory reserves**	**Translation reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 31)	*(Note 32(i))*	*(Note 32(ii))*	*(Note 32(iii))*	*(Note 32(iv))*		*(Note 34)*	
At 1 January 2021	1	(658)	9,101	66	94,141	102,651	–	102,651
Profit for the period	–	–	–	–	11,901	11,901	–	11,901
Other comprehensive income for the period:								
Exchange differences arising on translation differences	–	–	–	34	–	34	–	34
Total comprehensive income for the period	–	–	–	34	11,901	11,935	–	11,935
At 30 April 2021 (unaudited)	1	(658)	9,101	100	106,042	114,586	–	114,586

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Four months ended 30 April	
	Notes	**2019**	**2020**	**2021**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from operating activities						
Profit before income tax		27,175	49,891	57,230	14,474	22,945
Adjustments for:						
Amortisation of intangible assets	*11*	40	1,422	3,788	1,238	1,314
Bank interest income	*8*	(75)	(156)	(249)	(102)	(65)
Depreciation of property, plant and equipment	*11*	891	1,381	1,274	554	285
Depreciation of right-of-use assets	*11*	785	209	–	–	–
Finance costs	*10*	82	353	674	177	376
Gain on disposal of financial assets at fair value through profit or loss	*8*	(555)	(749)	–	–	–
Gain on disposal of financial assets acquired through business combination	*8*	–	(2,779)	(910)	(41)	–
Gain on disposal of a subsidiary		(139)	(525)	–	–	–
Impairment loss on goodwill	*11*	2,351	–	–	–	–
Impairment loss on right-of-use assets	*11*	350	–	–	–	–
Inventories written off	*11*	–	192	295	–	–
Loss on disposal of property, plant and equipment	*11*	–	–	13	–	–
Loss/(gain) on lease contract modification	*8*	8	(159)	–	–	–
Prepayment written off	*11*	–	1,962	–	–	–
(Reversal of)/provision for impairment loss on contract assets	*9*	(12)	98	136	983	51
Provision for impairment loss on trade receivables	*9*	90	1,421	3,875	3,772	978
Provision for/(reversal of) impairment loss on other receivables	*9*	22	(77)	(38)	(30)	52
Operating profit before working capital changes		31,013	52,484	66,088	21,025	25,936
(Increase)/decrease in inventories		(270)	1,715	(741)	(1,537)	(2,787)
Decrease/(increase) in contract assets		870	1,604	(941)	(248)	1,179
Decrease/(increase) in trade receivables		357	(5,537)	(47,984)	(24,618)	(51,770)
Increase in prepayments, deposits and other receivables		(2,067)	(23,651)	(11,382)	(30,629)	(6,734)
Decrease/(increase) in amounts due from related parties		576	6	(12)	2	–
Increase/(decrease) in contract liabilities		–	1,692	421	(405)	2,250
Increase/(decrease) in trade payables		2,760	(3,732)	30,980	4,851	(7,877)
(Decrease)/increase in other payables and accruals		(1,316)	(8,014)	10,881	2,466	8,574
Decrease in amounts due to related parties		(668)	(38)	(16,432)	(2)	(22,950)
Cash generated from/(used in) operations		31,255	16,529	30,878	(29,095)	(54,179)
Interest received		75	156	249	102	65
Income tax paid		(142)	(725)	(4,542)	(1,338)	(2,326)
Net cash generated from/(used in) operating activities		31,188	15,960	26,585	(30,331)	(56,440)

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash flows from investing activities						
Acquisition of subsidiaries		6	(14,051)	–	–	–
Payments for acquisition of additional interest in a subsidiary		(700)	(56)	–	–	–
Disposal of subsidiaries		213	539	(6,309)	–	–
Disposal of interest in a subsidiary without loss of control		–	56	–	–	–
Purchases of intangible assets		(3,245)	(8,136)	(2,075)	–	(131)
Purchases of property, plant and equipment	*19*	(1,633)	(620)	(231)	(113)	(20)
Acquisition of financial assets at fair value through profit or loss		(75,100)	(99,500)	–	–	–
Withdrawal of pledged bank deposits		–	–	1,392	–	–
Proceeds from disposal of property, plant and equipment		–	–	2	–	–
Proceeds from disposal of financial assets at fair value through profit or loss		75,655	100,249	–	–	–
Net cash used in investing activities		(4,804)	(21,519)	(7,221)	(113)	(151)
Cash flows from financing activities						
Proceeds from bank borrowings		–	1,480	26,100	13,000	23,500
Repayment of bank borrowings		–	(5,550)	(15,370)	(2,620)	(2,600)
Interests paid on bank borrowings		–	(335)	(673)	(176)	(376)
Repayment of principal portion of lease liabilities		(728)	(302)	(7)	(7)	–
Interest paid on lease liabilities		(82)	(18)	(1)	(1)	–
Proceed from non-controlling interests' capital injection		1,505	–	–	–	–
Net cash generated from/(used in) financing activities		695	(4,725)	10,049	10,196	20,524
Net increase/(decrease) in cash and cash equivalents		27,079	(10,284)	29,413	(20,248)	(36,067)
Cash and cash equivalents at beginning of year/period		15,267	42,346	32,062	32,062	61,475
Cash and cash equivalents at end of year/period		42,346	32,062	61,475	11,814	25,408

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 April
		2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current asset					
Investment in subsidiaries		–*	–*	–*	–*
Current assets					
Prepayments	*23*	988	1,209	5,355	5,761
Amount due from an immediate holding company	*24*	1	1	15	15
Amounts due from subsidiaries		–	–	13	13
Cash and cash equivalents		–	10	44	44
		989	1,220	5,427	5,833
Total assets		989	1,220	5,427	5,833
Current liabilities					
Other payables	*28*	–	2,183	2,528	1,997
Amounts due to subsidiaries		496	4,618	21,490	23,095
Amounts due to related parties	*24*	559	575	1,201	1,853
		1,055	7,376	25,219	26,945
Net current liabilities		(66)	(6,156)	(19,792)	(21,112)
Total assets less current liabilities		(66)	(6,156)	(19,792)	(21,112)
NET LIABILITIES		(66)	(6,156)	(19,792)	(21,112)
EQUITY					
Share capital	*31*	1	1	1	1
Reserves	*32*	(67)	(6,157)	(19,793)	(21,113)
CAPITAL DEFICIENCY		(66)	(6,156)	(19,792)	(21,112)

* Represents the amount less than RMB1,000

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Rego Interactive Co., Ltd (formerly known as "Rego Investment Holdings Limited") (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on 8 August 2017. The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. During the Track Record Period, the Company and its subsidiaries now comprising the Group (collectively referred to as the "Group") were engaged in the following businesses (the "[**REDACTED**]") in the People's Republic of China ("PRC").

- Marketing and promotion services
- IT solutions services
- Others

The principal activities of its subsidiaries are set out below. In the opinion of the directors of the Company, the immediate holding companies of the Company are Tanshin Investments Limited ("Tanshin Investments"), Vicen Investments Limited ("Vicen Investments") and Sprus Investments Limited ("Sprus Investments") which are incorporated in the British Virgin Islands. The ultimate shareholders of the Company are Mr. Tian Huan ("Mr. Tian"), Mr. Chen Ping ("Mr. Chen") and Mr. Zhang Yongli ("Mr. Zhang") who have entered into acting-in-concert agreement on 22 October 2021 and confirmed they have been acting in concert since 14 July 2017. Accordingly, Mr. Tian, Mr. Chen, Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments collectively referred to as the "Controlling Shareholders".

No audited statutory financial statements have been prepared for the Company since its date of incorporation as the Company is not required to issue audited financial statements under statutory requirements of its place of incorporation.

Pursuant to a special resolution passed at the general meeting on 18 September 2021, the English name of the Company was changed from "Rego Investment Holdings Limited" to "Rego Interactive Co., Ltd" and the Chinese name of the Company was changed from "潤歌投資控股有限公司" to "潤歌互動有限公司". The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 18 September 2021.

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

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	*Notes*
			Direct	Indirect		
Rego International Holdings Limited ("Rego BVI")	British Virgin Islands 15 August 2017 Limited liability company	United States Dollars ("**US$**") 1	100%	–	Investment holding	*(a)*
Vicen International Holdings (Hong Kong) Limited ("Vicen HK")	Hong Kong 4 August 2017 Limited liability company	Hong Kong Dollars ("**HK$**") 1	100%	–	Investment holding	*(b)*

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	*Notes*
			Direct	Indirect		
Rego Investments Limited ("Rego HK")	Hong Kong 4 September 2017 Limited liability company	HK$1	–	100%	Investment holding	*(b)*
Hangzhou Rego Network Company Limited* ("Hangzhou Rego") # (杭州潤歌網絡有限公司)	PRC 25 June 2009 Limited liability company	RMB15,000,000	–	100%	Marketing and promotion services and IT solutions services	*(c), (n)*
Zhejiang Runye Information Technology Company Limited* ("Zhejiang Runye") (浙江潤也信息科技有限公司)	PRC 14 September 2016 Limited liability company	RMB10,000,000	–	N/A	Marketing and promotion services and IT solutions services	*(d), (e)*
Hangzhou Runsheng Network Technology Company Limited* ("Hangzhou Runsheng") (杭州潤升網絡科技有限公司)	PRC 16 November 2017 Limited liability company	RMB10,000,000	–	100%	Marketing and promotion services	*(c)*
Hainan Rego Network Technology Company Limited* ("Hainan Rego") (海南潤歌網絡科技有限公司)	PRC 22 July 2019 Limited liability company	RMB1,000,000	–	100%	Marketing and promotion services	*(g)*
Xi'an Tiantai Innovation Technology Company Limited* ("Xi'an Tiantai") (西安天泰創新科技有限公司)	PRC 13 June 2007 Limited liability company	RMB10,000,000	–	100%	Solutions on lottery related software systems and equipment	*(h)*
Shenzhen Rego Network Technology Company Limited* ("Shenzhen Rego") (深圳潤歌網絡科技有限公司)	PRC 13 April 2021 Limited liability company	RMB1,000,000	–	100%	Marketing and promotion services	*(i)*
Yuncaitong Technology (Beijing) Company Limited* ("Yuncaitong") (雲彩通科技(北京)有限公司)	PRC 7 March 2016 Limited liability company	RMB50,000,000	–	100%	Marketing and promotion services and others	*(f)*
Jiangxi Yunjia Technology Company Limited* ("Jiangxi Yunjia") (江西雲家科技有限公司)	PRC 30 March 2016 Limited liability company	RMB10,000,000	–	–	Dormant	*(j), (o)*

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	*Notes*
			Direct	Indirect		
Hainan Rego Huicai Network Technology Company Limited* ("Rego Huicai") (海南潤歌慧彩網絡科技有限公司)	PRC 27 August 2019 Limited liability company	RMB5,000,000	–	–	Dormant	*(a), (k)*
Wuhan Cairun Technology Company Limited* ("Wuhan Cairun") (武漢彩潤科技有限公司)	PRC 14 September 2018 Limited liability company	RMB2,000,000	–	–	Dormant	*(a), (l)*
Hangzhou Xinyou Network Technology Company Limited* ("Hangzhou Xinyou") (杭州信遊網絡科技有限公司)	PRC 10 November 2017 Limited liability company	RMB10,000,000	–	–	Dormant	*(a), (m)*

* English translated names are for identification purpose only

\# Registered as wholly-foreign-owned enterprises under the PRC law

(a) No audited financial statements have been prepared as these companies are incorporated in jurisdictions which do not have any statutory audit requirements.

(b) The statutory financial statements of these entities for the years ended 31 December 2019, 2020 and 2021 were prepared under HKFRSs, were audited by BDO Limited.

(c) The audited financial statements of these entities for the years ended 31 December 2019, 2020 and 2021 were prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") and were audited by 浙江敬業會計師事務所有限公司 for the years ended 31 December 2019, 2020 and 2021.

(d) The audited financial statements of this entity for the years ended 31 December 2019 and 2020 were prepared in accordance with PRC GAAP and were audited by 浙江敬業會計師事務所有限公司 for the years ended 31 December 2019 and 2020.

(e) PRC laws and regulations restrict foreign investors from owning more than 50% equity interest in any enterprise engaged in value-added telecommunication business (the "Restricted Business").

On 1 January 2018, the Group intended to step into internet business which is categorised under the Restricted Business. In view of this, certain contractual agreements ("Contractual Agreements") have been effectuated between Hangzhou Rego, Zhejiang Runye (the "Structured Entity") and registered shareholders, to the effect that the Company is exposed, or has rights, to variable returns from its involvement with this company and has the ability to affect those returns through its power over this company. As a result of the Contractual Agreements, the Structured Entity is accounted for as subsidiary of the Company for accounting purposes.

The principal business of the Structured Entity is operation of marketing and promotion services and technical support services in the PRC and did contribute the revenue, expenses, assets and liabilities to the Group during the Track Record Period. Zhejiang Runye had not carried out the intended business in the internet industry which requires an ICP License.

In addition, the Structured Entity has not fall under any restricted or prohibited businesses under the PRC laws and no contractual arrangement is required for such business operation. The parties to the Contractual Agreements have entered into a termination agreement to unwind the contractual arrangement structure on 17 August 2021 and the contractual arrangements have been terminated and unwound on 17 August 2021. Since then, the Group lost its control over Zhejiang Runye, which ceased to be a consolidated structured entity of the Group.

(f) The audited financial statement of this entity for the years ended 31 December 2020 and 2021 were prepared in accordance with PRC GAAP and were audited by 北京永坤會計師事務所(普通合夥) for the year ended 31 December 2020 and 北京信拓孜信會計師事務所有限公司 for the year ended 31 December 2021. No audited financial statement has been prepared for the entity for the year ended 31 December 2019 as statutory account is not required under the relevant rules and regulations in its jurisdiction of incorporation.

(g) The audited financial statement of this entity for the year ended 31 December 2021 was prepared in accordance with PRC GAAP and was audited by 深圳瑞博會計師事務所. No audited financial statements have been prepared for the entity for the years ended 31 December 2019 and 2020 as statutory accounts are not required under the relevant rules and regulations in its jurisdiction of incorporation.

(h) The audited financial statements of this entity for the years ended 31 December 2020 and 2021 were prepared in accordance with PRC GAAP and was audited by 陝西宜正會計師事務所有限公司.

(i) The audited financial statements of this entity for the year ended 31 December 2021 was prepared in accordance with PRC GAAP and was audited by 深圳瑞博會計師事務所.

(j) The audited financial statements of this entity for the years ended 31 December 2019 and 2020 were prepared in accordance with PRC GAAP and was audited by 南昌誠一聯合會計師事務所.

(k) On 31 July 2020, Hainan Rego signed an equity transfer agreement with an independent third party, to transfer its 51% equity interest in Rego Huicai at a consideration of RMB1,020,000. On 27 August 2020, the consideration was fully settled and the transfer was completed. Rego Huicai had no substantive operation or revenue contribution to the Group during the Track Record Period.

(l) Wuhan Cairun was voluntarily dissolved by deregistration on 24 September 2020.

(m) On 15 January 2019, Zhejiang Runye entered into an equity transfer agreement to transfer 21% and 30% of its equity interest in Hangzhou Xinyou to independent third parties at the considerations of RMB123,500 and RMB176,500, respectively. On 11 December 2019, considerations were fully settled. Hangzhou Xinyou had no substantive operation or revenue contribution to the Group during the Track Record Period.

(n) On 11 August 2020, the registered capital of Hangzhou Rego was increased from RMB1,000,000 to RMB15,000,000. Rego HK and Vicen HK contributed RMB10,500,000 and RMB3,500,000 for the purpose of increasing the registered capital of Hangzhou Rego. Immediately after the increase of the registered capital and up to the Latest Practicable Date, Hangzhou Rego was owned by Rego HK and Vicen HK as to 75% and 25%, respectively.

(o) Jiangxi Yunjia was voluntarily dissolved by deregistration on 5 November 2021.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of presentation

The Group has underwent reorganisation ("Reorganisation") as detailed in the section headed "History, Development and Reorganisation" in the Document, involves entering into Contractual Agreements detailed in Appendix IV – Statutory and general information in the Document and below, companies comprising the Group which carries out the [**REDACTED**] detailed below, and acquisition and disposal of equity interests of companies comprising the Group as detailed in Notes 38, 39 and 40.

Pursuant to the Reorganisation, the companies now comprising the Company, Rego BVI, Rego HK, Vicen HK, Hangzhou Rego, Hangzhou Runsheng, Hainan Rego, Xi'an Tiantai, Shenzhen Rego, Yuncaitong and Zhejiang Runye as detailed in Note 1 are under the effective control of the Company and the Controlling Shareholders throughout the Track Record Period or since their respective dates of acquisition/incorporation/establishment/when the combining entity first came under the control of the Controlling Shareholders or up to 17 August 2021 (date of loss of control over Zhejiang Runye) where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation and the [**REDACTED**] conducted by Zhejiang Runye is regarded as a continuing entity. Accordingly, the Historical Financial Information of the Group has been prepared on the basis as if the Company has always been the holding company of the companies and businesses comprising the Group throughout the Track Record Period by applying the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as set out in note 4.1 below.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the each of the years ended 31 December 2019, 2020 and 2021 include the results and cash flows of all companies now comprising the Group as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of acquisition/incorporation/establishment/when the combining entity first came under the control of the Controlling Shareholders or up to 17 August 2021 (date of loss of control over Zhejiang Runye), whichever is the shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 have been prepared to present the assets and liabilities of the companies and/or businesses comprising the Group, as if the current structure had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Although the [**REDACTED**] conducted by Zhejiang Runye was not formerly transferred to the Company and its subsidiaries, as part of the Reorganisation, it has been included in the Historical Financial Information for the Track Record Period as the directors consider that the Historical Financial Information of the Group should include all relevant activities that have been a part of the Group's history of the marketing and promotion services, IT solutions services and related services. Accordingly, the Historical Financial Information reflected all of the Group's activities in the marketing and promotion services, IT solutions services and related services, including those services carried out by Zhejiang Runye.

Contractual Arrangements

The prevailing PRC laws and regulations restrict foreign ownership of companies that provide internet cultural business and value-added telecommunication services business, which include activities and businesses intended to operate by the Group. Zhejiang Runye engaged in provision of marketing and promotion services and IT solutions services in the PRC. On 1 January 2018, Hangzhou Rego entered into a series of Contractual Agreements with Zhejiang Runye and its registered owners. The Contractual Agreements enable Hangzhou Rego to exercise effective control over Zhejiang Runye and its subsidiaries (collectively as "PRC Operating Entities") and, accordingly, Hangzhou Rego has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Accordingly, the PRC Operating Entities are accounted as subsidiaries of the Company for the purpose of the Historical Financial Information and the historical financial information of the PRC Operating Entities are combined in the Historical Financial Information for the Track Record Period. For the purpose of the compliance with the Listing Rules requirements governing contractual arrangements and due to the updates of the relevant PRC laws, termination agreement to unwind the contractual arrangement structure on 17 August 2021 and the contractual arrangements have been terminated and unwound. Details of the termination of Contractual Agreements are disclosed in the step 5 of section headed "History, development and reorganisation" in the Document.

2.2 Basis of preparation

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below, which conform to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the HKICPA and applicable disclosure provisions of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange of Hong Kong Limited throughout the Track Record Period.

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied HKASs, HKFRSs, amendments and interpretations issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2022 on full retrospective basis throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

The functional currency of the Company is RMB, while the Historical Financial Information is presented in RMB. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated. The Historical Financial Information is presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued, potentially relevant to the Group's operation, but are not yet effective, during the Track Record Period in the Historical Financial Information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction[1]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

[2] No mandatory effective date yet determined but available for adoption.

The management of the Company anticipates that the application of the new and amendments to HKFRSs will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Business combination involving entity under common control

The Historical Financial Information comprises the financial statements of the Company and its subsidiaries for the Track Record Period. Business combinations under common control are accounted for using merger method. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling entity. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination. All differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the Historical Financial Information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4.2 Business combination and basis of consolidation

The Historical Financial Information comprises the financial statements of the Group. Intercompany transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the Historical Finance Information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, other than loss of control through distribution in specie ultimately controlled by the same party which is accounted for as deemed distribution, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Upon loss of control of a subsidiary through distribution of interest in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute non-cash assets as a dividend to its owners at the carrying amount of the net assets to be distributed.

4.3 Subsidiaries

A subsidiary(including structured entities) is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.4 Changes in ownership interests in subsidiaries without change of equity

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4.5 Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal ("FVLCD") (if measurable) or its value in use ("VIU") (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Motor vehicles	10 years
Furniture and fixtures	5 years
Leasehold improvements	shorter of 5 years or lease term
Computer and office equipment	3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

4.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4.8 Leases

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets by applying a cost model. Under which, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased office premises and lottery shops under tenancy agreements which the Group exercises which is held for own use. As such, the right-of-use asset arising from these properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed leases payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect change in the lease term, a change in the in substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

4.9 Intangible assets (other than goodwill)

(i) Intangible assets acquired separately and in a business combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

For the intangible assets with finite useful lives, amortisation is provided on a straight-line basis over their useful lives, and amortisation expense recognised in profit or loss. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Computer software	10 years
Copyrights	5-10 years

Both of the period and method of amortisation are reviewed at the end of each reporting period.

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Derecognition

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

(v) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4.17).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, However, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

4.10 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

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 market place.

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

Debt instruments

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information demonstrates otherwise.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging criteria is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, amounts due to related parties, and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.11 Cash and cash equivalents

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

4.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer 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 amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment 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 HKFRS 15.

(a) Marketing and promotion services

(i) Promotion and advertising services

The Group provides the marketing services to enterprise advertisers or their respective advertising agents through integration of downstream marketing channels, including traditional off-line channels and on-line platforms.

The Group charges advertising customers for traditional marketing and promotion marketing services primarily based on cost per action ("CPA") and on the basis of each action of the mobile device user such as download, installation or registration or cost per sale ("CPS"). The Group recognises revenue when relevant services are provided to the Group's customers. The Group recognise the revenue on a gross basis as the Group bears the sole responsibility for the transaction.

For advertisement placement services, the Group charges the customers (advertisers) based on the 2 types of services, including advertisement planning services and top-up services. For advertisement planning services, the Group recognises revenue when relevant services are provided simultaneously and consumes the benefits provided by the Group's performance as the Group performs. The Group recognise the revenue on a gross basis as the Group primarily responsible for fulfilling the promise to provide the specified service. The Group applies the output method in measuring the progress towards complete satisfaction of the all-in one service performance obligation over the total estimated broadcast period. For the top-up services, the Group recognises revenue when relevant services are provided to the Group's customers (advertisers). The Group recognises the revenue on a net basis as the Group acts as an intermediary in executing transactions on behalf of the media publishers and advertisers. Media publishers may also grant to the Group rebates based on the gross spending of the advertisers (i) in the form of prepayments for future traffic acquisition; (ii) to net off the accounts payables the Group owed to them; or (iii) in cash mainly based on the gross spending of the advertisers. Under these arrangements, media publishers may also grant the Group rebates which are recorded as revenue.

For advertisement distribution services, the Group charges the customers and the supplier with different pricing mechanism. The Group acquires the advertising traffic of different online platforms from the suppliers. The Group is able to identify and distribute the tailor marketing materials through the acquired advertising traffic from customers. The customers do not designate the target supplier in the contracts. The Group recognises the revenue on a gross basis as the Group decides the selections of the suppliers.

(ii) Virtual goods sourcing and delivery services

The Group arranges virtual goods, including sourcing and delivery services, between the customers and suppliers. The Group retains the revenue from such completed transactions. The Group does not control specific virtual goods prior to the purchase by the downstream users. Therefore, the Group is acting as an agent in the transactions. Revenue from the virtual goods-related services is recognised at a point in time when the virtual goods-related services is rendered. The Group records the net amount that it retains from such completed transaction as revenue.

Variable consideration is contingent on the performance-based and/or volume based, which are finalised on a periodical basis. Variable consideration is estimating by using the data on the platforms which billed on monthly basis and a receivable is expected to be collected within the contracted credit terms. For transactions which the Group acts as an agent, the Group bills the customers in gross amounts with credit terms, which are different from the bills from suppliers. As the Group has no legally enforceable right to set off the bill from the suppliers against the bill to the customer, the Group records the payable and the receivable on gross basis.

(b) IT solutions services

(i) Mobile game and software development and maintenance service

The revenue from provision of software development services is recognised at a point in time when the products are delivered and the end customers have physical possession that is control over the software and related products. The Group recognise the revenue on a gross basis as the Group bears the sole responsibility for the transaction.

In addition, the Group also provides mobile game maintenance services which is recognised over-time when the services are delivered for a period of time. The Group recognises the revenue on a gross basis as the customer simultaneously receives and consumes the services provided by the Group's performance as the Group performs. The Group recognises overtime in which the services are performed representing the entity's right to consideration for the services performed to date.

Variable consideration is contingent on the sharing certain portion of revenue from gross recharge amount on the mobile game platform published by third-party game developers. Variable consideration is estimating by using the data on the platforms which billed on monthly basis and receivable is expected to be collected within the contracted credit terms.

(ii) Solutions on lottery related software systems and equipment

The Group sells lottery systems and equipment to its customers are recognised when control of the goods has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue is thus recognised at the point in time when the customers accepted the lottery systems and equipment. There is generally only one performance obligation and the considerations include no variable amount.

The Group provides repair and maintenance services for the lottery related software systems and equipment to its customers. Revenue is recognised when the services are rendered according to the terms of service agreement. The revenue recognised overtime as the customer simultaneously receives and consumes the maintenance services as time elapsed within the service period as the Group performs. Accordingly, revenue is recognised on a straight-line basis during the service period.

Revenue from the mobile game maintenance services and the repair and maintenance services for the lottery related software systems and equipment are recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The output method recognises revenue on the actual service days to the total agreed periods between the Group and customers.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

Contract asset is recognised when the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

4.14 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.15 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into presentation currency of the Group (i.e RMB) at the average exchanges rates for the year, unless exchange rates fluctuate significantly during the period. In which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserves (attributed to non-controlling interest as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserves.

4.16 Employee benefits

(i) Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Company in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for Hong Kong subsidiaries, under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the company in an independently administered fund. The Hong Kong subsidiaries' employer contributions vest fully with the employees when contributed into the MPF Scheme.

4.17 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group and the Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Goodwill and other intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- Investment in a subsidiary.

If the recoverable amount (i.e. the greater of the FVLCD and VIU) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

VIU is based on the estimated future cash flows expected to be derived from the asset or the CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generate cash flows that are largely independent of the cash flows from other assets or groups of assets.

4.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

4.19 Related parties

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

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

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(c) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group, being the chief operating decision maker ("CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined the Group's major products and service lines stated in Note 6.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

Judgements

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:

(i) Consolidation of a structured entity

PRC laws and regulations limit foreign ownership for enterprises engaging in value-added telecommunication business, the Group operates its own online games maintenance services by means of setting up a Structured Entity (as defined in Note 1(d)) through entering into Contractual Agreements (as defined in Note 1(d)).

The directors of the Company assessed whether or not the Group has control over the Structured Entity based on whether or not the Group has power to direct the relevant activities of Structured Entity unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the terms of the Contractual Agreements as detailed in Note 1(d). The directors of the Company, after consulting their legal counsel, are of the view that the terms of the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity, despite the absence of formal legal equity interest held by the Group therein. Accordingly, the Structured Entity is accounted for as a consolidated structured entity of the Group.

In the opinion of the directors of the Company, with reference to opinion of legal counsel, the Contractual Arrangements are in compliance with existing PRC laws and regulations, valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability to enforce its rights under the Contractual Arrangements.

In August 2021, the Group lost the control over the Structured Entity following the termination of the Contractual Arrangements as detailed in Note 1(d).

(ii) Principal vs agent

In determining whether the Group is acting as a principal or as an agent in the provision of marketing and promotion services and virtual goods sourcing and delivery services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next twelve months period, are discussed below.

(i) Estimated useful lives of property, plant and equipment and intangible assets

In determining the useful lives of property, plant and equipment and intangible assets, the Group's management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the management with similar assets that are used in a similar way. In particular, for intangible assets, computer software are mainly used in the operation of the platforms for marketing and promotion services and the copyrights are mainly related to the software and equipment used in IT solutions services. The Group estimates the useful life of computer software and copyrights based on the estimated period of time during which the computer software and copyrights would generate revenue to the Group. It is expected that further updates to the computer software and copyrights will be required after the expiry of their respective useful life. Depreciation and amortisation charge are revised if the estimated useful lives of items of property, plant and equipment and intangible assets are different from the previous estimation. Estimated useful life is reviewed, at the end of each of the Track Record Period, based on changes in circumstances.

(ii) Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group's management assesses whether there are any indicators of impairment for property, plant and equipment and intangible assets with finite useful life at the end of the reporting period. The property, plant and equipment and intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the purposes of impairment testing, assets are allocated to the respective CGU. Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value in use; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

(iii) Impairment of trade and other receivables and contract assets

Management determines the provision for the trade receivables and contract assets based on the ECLs which uses a lifetime expected loss allowance for all trade receivables and contract assets. Management also determines the provision for the other receivables based on the ECLs which use either 12 months or lifetime ECLs depending whether the credit risk has increased significantly since initial-recognition or being credit-impaired for all other receivables. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

(iv) Income taxes

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

(v) Fair value measurement on the acquisition of subsidiaries

The purchase price was allocated to the identifiable assets and liabilities acquired based on management's estimates of fair value with the assistance of the external independent valuer engaged by the Group.

The intangible assets identification and the valuation process for intangible assets requires significant judgement by management in respect of estimates of future cash flows and associated discount rates to ensure the valuation techniques and inputs used are reasonable and supportable. Where there are any changes on inputs of valuation, a change on the results on bargain purchase may arise.

(vi) Impairment assessments of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of the CGUs to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which results in downward revision of future cash flows, a further impairment loss may arise.

Details of the recoverable amount calculation are set out in Note 17.

(vii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(viii) Rebate from media publishers

As disclosed in Note 4.13, media publishers may grant the Group rebates in various forms. The Group records such rebates as revenue. The rebates earned by the Group from media publishers come with a variety of structures and rates, which are primarily determined based on the contract terms with these media publishers, their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media publishers.

The Group accrues rebates from media publishers based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment has been identified as executive directors of the Company.

The Group is principally engaged on the provision of Marketing and promotion services and IT solutions services on the PRC. The CODM of the Company review the operating results separately, which the Group has the following 3 reporting segments: (i) Marketing and promotion services; (ii) IT solutions services and (iii) Others.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the consolidated statements of profit or loss and comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for the years ended 31 December 2019, 2020, 2021 and the four months ended 30 April 2021 (unaudited) and 2022 are as follows:

	Marketing and promotion services	IT solutions services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019				
Revenue	69,078	18,983	1,311	89,372
Cost of sales	(37,124)	(7,553)	–	(44,677)
Gross profit	31,954	11,430	1,311	44,695
For the year ended 31 December 2020				
Revenue	80,540	31,926	574	113,040
Cost of sales	(24,278)	(12,888)	–	(37,166)
Gross profit	56,262	19,038	574	75,874
For the year ended 31 December 2021				
Revenue	163,508	55,653	388	219,549
Cost of sales	(81,342)	(28,001)	–	(109,343)
Gross profit	82,166	27,652	388	110,206
For the four months ended 30 April 2021 (unaudited)				
Revenue	55,159	8,486	149	63,794
Cost of sales	(27,268)	(4,074)	–	(31,342)
Gross profit	27,891	4,412	149	32,452
For the four months ended 30 April 2022				
Revenue	58,114	12,560	45	70,719
Cost of sales	(29,857)	(4,164)	–	(34,021)
Gross profit	28,257	8,396	45	36,698

(a) Revenue from external customers

All significant external customers of the Group are located in Mainland China. Accordingly, no geographical information of external customers is presented.

(b) Non-current assets

All significant non-current assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during each of the Track Record Period is as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer "A" from Marketing and promotion services	n/a	17,870	91,741	28,492	37,316
Customer "B" from Marketing and promotion services	9,344	17,049	25,467	8,398	8,363
Customer "C" from Marketing and promotion and IT solutions services	33,103	14,181	n/a*	n/a*	n/a*
Customer "D" from Marketing and promotion and IT solutions services	15,519	n/a	n/a	n/a	n/a
Customer "E" from Marketing and promotion services	n/a	n/a*	n/a*	9,379	n/a*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. REVENUE

The amounts of each significant category of revenue recognised during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Marketing and promotion services					
- Promotion and advertising services	56,670	35,249	118,879	42,195	42,410
- Virtual goods sourcing and delivery services	12,408	45,291	44,629	12,964	15,704
	69,078	80,540	163,508	55,159	58,114
IT solutions services					
- Mobile game and software development and maintenance services	17,861	7,939	11,275	4,501	7,084
- Solutions on lottery related software systems and equipment	1,122	23,987	44,378	3,985	5,476
	18,983	31,926	55,653	8,486	12,560
Others	1,311	574	388	149	45
Total revenue from contracts with customers	89,372	113,040	219,549	63,794	70,719

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Marketing and promotion services	IT solutions services	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019				
Timing of revenue recognition:				
At a point in time	69,078	9,333	1,311	79,722
Transferred over time	–	9,650	–	9,650
Total revenue from contracts with customers	69,078	18,983	1,311	89,372
For the year ended 31 December 2020				
Timing of revenue recognition:				
At a point in time	80,540	20,822	574	101,936
Transferred over time	–	11,104	–	11,104
Total revenue from contracts with customers	80,540	31,926	574	113,040
For the year ended 31 December 2021				
Timing of revenue recognition:				
At a point in time	163,508	37,666	388	201,562
Transferred over time	–	17,987	–	17,987
Total revenue from contracts with customers	163,508	55,653	388	219,549
For the four months ended 30 April 2021 (unaudited)				
Timing of revenue recognition:				
At a point in time	55,159	2,681	149	57,989
Transferred over time	–	5,805	–	5,805
Total revenue from contracts with customers	55,159	8,486	149	63,794
For the four months ended 30 April 2022				
Timing of revenue recognition:				
At a point in time	58,114	6,311	45	64,470
Transferred over time	–	6,249	–	6,249
Total revenue from contracts with customers	58,114	12,560	45	70,719

(b) Transaction price allocated to remaining performance obligations:

At the end of each of the Track Record Period, the transaction price allocated to the performance obligations that is unsatisfied (or partially satisfied) are expected to be satisfied as follows:

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Remaining performance obligations expected to be satisfied:				
Within 1 year	–	7,044	10,169	10,789
More than 1 year but less than 2 years	–	598	3,716	2,888
More than 2 years but less than 3 years	–	44	978	942
More than 3 years but less than 4 years	–	–	942	942
More than 4 years but less than 5 years	–	–	942	942
More than 5 years	–	–	942	631
	–	7,686	17,689	17,134

8. OTHER INCOME AND OTHER GAINS OR LOSSES

An analysis of the Group's other income and other gains and losses recognised during each of the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Bank interest income	75	156	249	102	65
Government grants *(note i)*	3,106	4,308	3,997	1,058	929
(Loss)/gain on lease contract modification	(8)	159	–	–	–
Sundry income	303	24	2,217	20	526
Gain on disposal of financial assets at FVTPL *(note ii)*	555	749	–	–	–
Gain on disposal of financial assets acquired through business combination	–	2,779	910	41	–
	4,031	8,175	7,373	1,221	1,520

Notes:

(i) For the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022, the Group enjoyed the tax incentives on input value-added tax according to the related regulations in the PRC. There are no unfulfilled conditions related to these government grants. For the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022, government grants had been received from the PRC local government authorities as reimbursement of the Group's research and development activities.

(ii) Financial assets at FVTPL represent structured deposits managed by banks in the PRC with underlying financial instrument mainly consist of the bank deposits and funds of the PRC.

9. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(Provision for)/reversal of impairment losses on financial assets recognised on:					
– Contract assets	12	(98)	(136)	(983)	(51)
– Trade receivables	(90)	(1,421)	(3,875)	(3,772)	(978)
– Other receivables	(22)	77	38	30	(52)
	(100)	(1,442)	(3,973)	(4,725)	(1,081)

10. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expenses on bank borrowings	–	335	673	176	376
Interest expenses on lease liabilities	82	18	1	1	–
	82	353	674	177	376

11. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived after charging:

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Employees' costs* (including directors' emoluments) comprise:					
– Salaries	15,175	15,038	27,326	7,294	10,563
– Welfare and other expenses	491	794	1,131	390	452
– Contributions to defined contribution retirement plans	2,557	2,440	4,855	1,159	2,029
	18,223	18,272	33,312	8,843	13,044
Cost of services recognised as expenses	43,685	28,545	89,438	30,057	33,713
Costs of inventories recognised as expenses (included write-down of inventories)	992	8,621	19,905	1,285	308
Write-down of inventories	–	192	295	–	–
Auditors' remuneration	94	75	102	69	66
Amortisation of intangible assets	40	1,422	3,788	1,238	1,314
Depreciation of property, plant and equipment	891	1,381	1,274	554	285
Loss on disposal of property, plant and equipment	–	–	13	–	–
Depreciation of right-of-use assets	785	209	–	–	–
Impairment loss on right-of-use assets	350	–	–	–	–
Impairment loss on goodwill	2,351	–	–	–	–
Prepayment written off	–	1,962	–	–	–
Short-term leases	96	776	2,139	575	357

* Including in employees' costs of approximately RMB2,530,000, RMB6,676,000, RMB14,724,000, RMB3,730,000 (unaudited) and RMB4,510,000 were included in the research and development expenses for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022 respectively.

12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

On 8 August 2017, date of incorporation, Mr. Tian and Mr. Zhang were first appointed as the executive directors of the Company.

On 28 October 2021, Mr. Chen and Mr. Xiao Yanfeng ("Mr. Xiao") were first appointed as the executive directors of the Company.

On 27 July 2022, Ms. Hu Huijun ("Ms. Hu"), Mr. Wan Lixiang ("Mr. Wan") and Mr. Zhao Zhongping ("Mr. Zhao") were first appointed as the independent non-executive directors of the Company. They have not received any director's remuneration in the capacity of independent non-executive directors throughout the Track Record Period.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or senior management of these subsidiaries.

The remuneration of the directors recorded in the financial statements of the subsidiaries is set out below:

	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	312	36	80	428
Mr. Xiao	–	–	–	–	–
Mr. Zhang	–	296	36	80	412
	–	608	72	160	840
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Year ended 31 December 2020					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	338	90	67	495
Mr. Xiao	–	140	–	2	142
Mr. Zhang	–	309	128	72	509
	–	787	218	141	1,146
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–

	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	422	36	65	523
Mr. Xiao	–	379	–	96	475
Mr. Zhang	–	338	36	61	435
	–	1,139	72	222	1,433
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Four months ended 30 April 2021 (unaudited)					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	143	–	25	168
Mr. Xiao	–	31	–	9	40
Mr. Zhang	–	125	–	25	150
	–	299	–	59	358
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Four months ended 30 April 2022					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	138	–	21	159
Mr. Xiao	–	123	–	43	166
Mr. Zhang	–	121	–	20	141
	–	382	–	84	466
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 2, 2, 1, 2 (unaudited) and 1 directors for each of the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022 respectively, whose remuneration are reflected in the analysis as shown above. The emoluments of the remaining highest paid individuals is as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowances	994	987	1,642	390	547
Discretionary bonus	318	–	72	–	–
Contributions to defined contribution retirement plan	227	195	333	76	147
	1,539	1,182	2,047	466	694

The emoluments paid or payable to each of the above individuals were within the following band:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees* *(unaudited)*	*Number of employees*
Nil to HK$1,000,000	3	3	4	3	4

(iii) Senior Management

The emoluments paid or payable to members of senior management were within the following band:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees* *(unaudited)*	*Number of employees*
Nil to HK$1,000,000	6	6	9	6	6

13. INCOME TAX EXPENSE

The income tax expense in the consolidated statements of profit or loss and other comprehensive income during each of the Track Record Period represents:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax – the PRC					
– tax for the year	1,231	4,451	7,351	2,601	3,216
– Over provision in respect of prior year	–	–	(22)	–	–
	1,231	4,451	7,329	2,601	3,216
Deferred tax (*Note 30*)	–	(35)	(84)	(28)	(28)
Income tax expense	1,231	4,416	7,245	2,573	3,188

Pursuant to Enterprise Income Tax Law of the PRC ("EIT Law") and the Implementation Regulation on the EIT Law, the tax rate of the Group's subsidiaries operating in the PRC during the Track Record Period was 25% of their taxable profits, except for the following:

(i) Hangzhou Rego was accredited as "Software Enterprise" in 2017, Zhejiang Runye and Jiangxi Yunjia were accredited as "Software Enterprises" in 2019 and were entitled to full exemption from EIT for two years beginning from their first profitable calendar year and a 50% reduction for the subsequent three calendar years. Therefore, Hangzhou Rego was exempted from income tax from 2017 to 2018 and was entitled with a preferential income tax rate of 12.5% from 2019 to 2021 while Zhejiang Runye was exempted from EIT from 2019 to 2020 and would be entitled with a preferential income tax rate of 12.5% from 2021 to 2023. For Jiangxi Yunjia, it was exempted from EIT for 2019.

(ii) Xi'an Tiantai was accredited as "High and New Technology Enterprise" in 2016 and 2019 under relevant PRC laws and regulation, and subject to a preferential EIT rate of 15% from 1 January 2016 to 31 December 2022. Hangzhou Rego was accredited as "High and New Technology Enterprise" in 2020 under relevant PRC laws and regulation, would be entitled with a preferential EIT rate of 15% from 1 January 2020 to 31 December 2023, and subject to the preferential EIT from 1 January 2022 to 31 December 2023.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective and updated from 2017 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period.

The income tax expense for each of the Track Record Period can be reconciled to the profit before income tax in the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before income tax	27,175	49,891	57,230	14,474	22,945
Tax calculated at PRC statutory rate of 25%	6,794	12,473	14,308	3,619	5,736
Tax effect of expense not deductible for tax purpose	728	3,314	3,982	2,030	1,016
Tax effect of income not subject to tax	(52)	(572)	(695)	(2)	(465)
Tax effect of tax losses not recognised	525	457	292	200	797
Utilisation of tax losses and deductible temporary differences previously not recognised	(41)	(1,771)	(366)	(321)	(126)
Tax effect of deductible temporary differences not recognised	171	679	1,448	1,009	173
Income tax at preferential tax rates	(4,854)	(7,234)	(7,775)	(2,635)	(2,574)
Over provision in prior years	–	–	(22)	–	–
Tax effect of Super Deduction	(2,040)	(2,930)	(3,927)	(1,327)	(1,369)
Income tax expense	1,231	4,416	7,245	2,573	3,188

14. DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period.

15. EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2019, 2020 and 2021 and for the four months ended 30 April 2021 (unaudited) and 2022 are calculated by dividing the profit attributable to owners of the Company by weighted average number of ordinary shares of 750,000,000. The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the [**REDACTED**] as more fully described in the section headed "History, Development and Reorganisation" in Appendix IV to the Document had been effective on 1 January 2019.

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021 *(unaudited)*	2022
Earnings for the purpose of calculating basic earnings per share (RMB'000)	26,416	45,779	49,985	11,901	19,757
Weighted average number of ordinary shares for the purpose of calculating basic earnings of share	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000
Basic earnings per share (expressed in RMB per share)	0.04	0.06	0.07	0.02	0.03

As the Company has no dilutive potential ordinary shares in issue during the Track Record Period, there was no diluted earnings per share presented.

16. GOODWILL

	Jiangxi Yunjia	Yuncaitong	Wuhan Cairun	Xi'an Tiantai	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2019	2,087	4,210	–	–	6,297
Acquired through business combination	–	–	264	–	264
At 31 December 2019 and 1 January 2020	2,087	4,210	264	–	6,561
Acquired through business combination *(Note 38(a))*	–	–	–	10,132	10,132
Disposal of a subsidiary	–	–	(264)	–	(264)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	2,087	4,210	–	10,132	16,429
Accumulated impairment losses					
At 1 January 2019	–	–	–	–	–
Provided for the year	2,087	–	264	–	2,351
At 31 December 2019 and 1 January 2020	2,087	–	264	–	2,351
Disposal of a subsidiary	–	–	(264)	–	(264)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	2,087	–	–	–	2,087
Net book value					
At 31 December 2019	–	4,210	–	–	4,210
At 31 December 2020	–	4,210	–	10,132	14,342
At 31 December 2021	–	4,210	–	10,132	14,342
At 30 April 2022	–	4,210	–	10,132	14,342

17. IMPAIRMENT

For the purposes of impairment testing, each subsidiary was considered as one CGU as it can generate cash flows that are largely independent of the cash flow projections.

Goodwill

During the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 the Group has engaged Graval Consulting Limited ("Graval") to perform valuations for the purpose to assess the recoverable amounts of Yuncaitong and Xi'an Tiantai. During the year ended 31 December 2019, the Group has engaged Graval to perform valuations for the purpose to assess the discount rates of Jiangxi Yunjia and Wuhan Cairun.

Jiangxi Yunjia

As at 31 December 2019, goodwill arising from acquisition of Jiangxi Yunjia were fully impaired due to change of business plan and delay in revenue generating activities of Jiangxi Yunjia. Impairment loss of approximately RMB2,087,000 were provided during the year ended 31 December 2019.

Yuncaitong

The recoverable amount of Yuncaitong CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 3%, 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, and a discount rate of 25.95%, 26.41%, 25.12% and 25.59% per annum for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amounts of approximately RMB7,293,000, RMB10,115,000, RMB11,290,000 and RMB10,938,000 is greater than the carrying amounts of approximately RMB4,417,000, RMB4,356,000, RMB4,306,000 and RMB4,292,000 as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Yuncaitong CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB2,876,000, RMB5,759,000, RMB6,984,000 and RMB6,646,000 as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

The Group performs the sensitivity analysis based on the assumptions that revenue amount or terminal growth rate or discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue amount decreases by 1%	(135)	(170)	(814)	(847)
Gross margin decreases by 1%	(144)	(182)	(879)	(914)
Terminal growth rate decreases by 0.5%	(181)	(176)	(196)	(203)
Discount rate increases by 0.5%	(273)	(330)	(473)	(476)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

Wuhan Cairun

Wuhan Cairun had no operations during the year ended 31 December 2019. As at 31 December 2019, goodwill arising from acquisition of Wuhan Cairun were fully impaired due to change of business plan and delay in revenue generating activities of Wuhan Cairun. Impairment loss of approximately RMB264,000 was provided during the year ended 31 December 2019.

Xi'an Tiantai

The recoverable amount of Xi'an Tiantai CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for the year ended 31 December 2020 and 2021 and the four months ended 30 April 2022, and a discount rate of 21.80%, 20.95% and 21.06% per annum for the year ended 31 December 2020 and 2021 and the four months ended 30 April 2022, respectively. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amount of approximately RMB61,741,000, RMB62,627,000 and RMB58,765,000 is greater than the carrying amount of approximately RMB24,111,000, RMB20,832,000 and RMB19,775,000 as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Xi'an Tiantai CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for the years ended 31 December 2020 and 31 December 2021 and the four months ended 30 April 2022.

Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB37,630,000, RMB41,795,000 and RMB38,990,000 as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

The Group performs the sensitivity analysis based on the assumptions that revenue amount or terminal growth rate or discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		As at 30 April
	2020	2021	2022
		RMB'000	
Revenue amount decreases by 1%	(3,786)	(3,311)	(3,477)
Gross margin decreases by 1%	(4,003)	(3,535)	(3,712)
Terminal growth rate decreases by 0.5%	(908)	(831)	(883)
Discount rate increases by 0.5%	(1,979)	(1,871)	(1,873)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

18. INTANGIBLE ASSETS

	Computer software	Copyrights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2019	129	–	129
Additions	1,368	1,877	3,245
At 31 December 2019 and 1 January 2020	1,497	1,877	3,374
Acquired through business combination *(Note 38(a))*	–	10,104	10,104
Additions	–	9,081	9,081
At 31 December 2020 and 1 January 2021	1,497	21,062	22,559
Additions	–	2,075	2,075
At 31 December 2021 and 1 January 2022	1,497	23,137	24,634
Additions	131	–	131
At 30 April 2022	1,628	23,137	24,765
Accumulated amortisation			
At 1 January 2019	8	–	8
Provided for the year	24	16	40
At 31 December 2019 and 1 January 2020	32	16	48
Provided for the year	150	1,272	1,422
At 31 December 2020 and 1 January 2021	182	1,288	1,470
Provided for the year	149	3,639	3,788
At 31 December 2021 and 1 January 2022	331	4,927	5,258
Provided for the period	55	1,259	1,314
At 30 April 2022	386	6,186	6,572
Net book value			
At 31 December 2019	1,465	1,861	3,326
At 31 December 2020	1,315	19,774	21,089
At 31 December 2021	1,166	18,210	19,376
At 30 April 2022	1,242	16,951	18,193

19. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fixtures	Leasehold improvements	Computer and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2019	288	79	–	1,788	2,155
Additions	–	8	223	1,402	1,633
At 31 December 2019 and 1 January 2020	288	87	223	3,190	3,788
Additions	–	12	–	608	620
Disposal of a subsidiary *(Note 40(a))*	–	(8)	–	–	(8)
Acquired through business combination *(Note 38(a))*	222	70	197	485	974
At 31 December 2020 and 1 January 2021	510	161	420	4,283	5,374
Additions	–	10	–	221	231
Disposal	–	–	–	(943)	(943)
Deemed distribution *(Note 40(b))*	–	–	–	(1,337)	(1,337)
At 31 December 2021 and 1 January 2022	510	171	420	2,224	3,325
Additions	–	–	–	20	20
At 30 April 2022	510	171	420	2,244	3,345
Accumulated depreciation					
At 1 January 2019	41	21	–	394	456
Provided for the year	29	16	37	809	891
At 31 December 2019 and 1 January 2020	70	37	37	1,203	1,347
Provided for the year	41	32	90	1,218	1,381
Disposal of a subsidiary *(Note 40(a))*	–	(2)	–	–	(2)
At 31 December 2020 and 1 January 2021	111	67	127	2,421	2,726
Provided for the year	60	59	150	1,005	1,274
Disposal	–	–	–	(928)	(928)
Deemed distribution *(Note 40(b))*	–	–	–	(935)	(935)
At 31 December 2021 and 1 January 2022	171	126	277	1,563	2,137
Provided for the period	20	15	43	207	285
At 30 April 2022	191	141	320	1,770	2,422
Net book value					
At 31 December 2019	218	50	186	1,987	2,441
At 31 December 2020	399	94	293	1,862	2,648
At 31 December 2021	339	45	143	661	1,188
At 30 April 2022	319	30	100	474	923

20. LEASES

The Group as a lessee

The Group has lease contracts for office premises and lottery shops for its operation. The lease terms are mainly within 1 to 3 years.

(a) Right-of-use assets

	Office premises	Lottery shops	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	460	1,032	1,492
Additions	148	–	148
Disposal	–	(262)	(262)
Depreciation	(365)	(420)	(785)
Impairment	–	(350)	(350)
At 31 December 2019 and 1 January 2020	243	–	243
Depreciation	(209)	–	(209)
Disposal of a subsidiary *(Note 40(a))*	(34)	–	(34)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	–	–	–

(b) Lease liabilities

The carrying amount of lease liabilities and movements during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
At beginning of year/period	1,302	468	7	7	–
New leases	148	–	–	–	–
Termination of lease for lease modification	(254)	(159)	–	–	–
Accretion of interest recognised during the year	82	18	1	1	–
Payments	(810)	(320)	(8)	(8)	–
At end of year/period	468	7	–	–	–

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed information:				
Current portion	398	7	–	–
Non-current portion	70	–	–	–
	468	7	–	–
Aggregate undiscounted commitments for short term leases	36	294	381	793

21. INVENTORIES

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	270	2,917	3,363	6,150

22. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, gross				
– Due from third parties	12,380	36,984	87,587	139,100
– Due from related companies *(note)*	2,272	3,966	446	703
	14,652	40,950	88,033	139,803
Less: Allowance for credit losses	(575)	(1,996)	(5,844)	(6,822)
Trade receivables, net	14,077	38,954	82,189	132,981

Note: The amounts due from related companies of which Mr. Chen, the executive director of the Company is also the substantial shareholder of these related companies. The balances are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

The credit period granted to customers is ranging from 5 to 60 days as at the end of each of the Track Record Period.

An ageing analysis of the Group's trade receivables (net of provision) as at the end of each of the Track Record Period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 month	10,670	32,832	74,332	111,879
More than 1 month but less than 3 months	3,185	2,964	7,679	18,374
More than 3 months but less than 6 months	–	1,281	4	2,580
More than 6 months but less than 1 year	10	–	–	3
More than one year	212	1,877	174	145
	14,077	38,954	82,189	132,981

Movements in loss allowance on trade receivables were as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
At beginning of year/period	485	575	1,996	1,996	5,844
Provision for impairment losses *(Note 9)*	90	1,421	3,875	3,772	978
Deemed distribution	–	–	(27)	–	–
At end of year/period	575	1,996	5,844	5,768	6,822

Details of impairment assessment of trade receivables for the Track Record Period are set out in Note 37(a).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	2,898	6,538	8,004	5,866
Less: Allowance for credit losses	(59)	(75)	(35)	(87)
	2,839	6,463	7,969	5,779
Portion classified as non-current assets	(17)	–	–	–
Current portion	2,822	6,463	7,969	5,779
Advance to suppliers *(note i)*	7,253	28,930	34,893	43,337
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other prepayments	182	2,047	1,792	1,814
	11,245	38,649	50,009	56,691

Note: In the normal business arrangement of intermediary services, the Group makes advance to virtual goods suppliers for the virtual goods which is non-refundable. For the advertisement placement services, the Group makes prepayments on advertisement placement services on behalf of advertisers before receiving payments from these advertisers.

Details of impairment assessment of other receivables and deposits for the Track Record Period are set out in Note 37(a).

The Company

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	988	1,209	5,355	5,761

24. BALANCES WITH RELATED PARTIES

Except disclosed in Note 22 and Note 24, the Group and the Company balances with related parties are non-trade nature as follows:

The Group

	Notes	As at 31 December			As at 30 April
		2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related parties					
Due from immediate holding companies					
Sprus Investments		45	42	48	48
Tanshin Investments		45	42	48	48
		90	84	96	96
Due from related company					
Zhejiang Runye	*(i)*	–	–	–	107
		90	84	96	203

	Notes	Maximum amount outstanding during the year ended 31 December			Maximum amount outstanding during the four months ended 30 April
		2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related parties					
Due from immediate holding companies					
Sprus Investments		45	42	48	48
Tanshin Investments		45	42	48	48
		90	84	96	96
Due from related company					
Zhejiang Runye	*(i)*	–	–	–	107
		90	84	96	203

There was no balance due for repayment but has not been paid and no impairment has been made against the amounts due from related parties.

The amounts due to related parties were non-trade in nature. The amounts due were unsecured, interest-free and repayable on demand.

	Notes	As at 31 December			As at 30 April
		2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to related parties					
Due to ultimate shareholders					
Mr. Chen		3,851	3,792	3,735	4,387
Mr. Tian		700	700	700	700
Mr. Zhang		300	300	300	300
		4,851	4,792	4,735	5,387
Due to an immediate holding company					
Vicen Investment Limited		–	21	99	99
Due to a related company					
Zhejiang Runye	*(i)*	–	–	22,843	–
		4,851	4,813	27,677	5,486

* English translated names are for identification purpose only

The non-trade balances with related parties will be recovered or repaid before [**REDACTED**] of the Company.

The Company

	Notes	As at 31 December			As at 30 April
		2019	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from an immediate holding company					
Tanshin Investments		1	1	15	15
Due to related parties					
Due to an ultimate shareholder					
Mr. Chen		559	530	513	1,165
Due to an immediate holding company					
Vicen Investment Limited		–	45	122	122
Due to a related company					
Zhejiang Runye	*(i)*	–	–	566	566
		559	575	1,201	1,853

The balances with these ultimate shareholders, immediate holding company, related companies and subsidiaries are unsecured, non-interest-bearing and repayable on demand.

Note (i): This entity is controlled by Mr. Tian and Mr. Zhang, the controlling shareholders and the executive directors of the Company.

25. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

As at 31 December 2020, the bank deposit of approximately RMB1,392,000 is pledged to the bank for issuance of guarantee by the bank to the granter in respect of the specific performance of the duty by the Group.

As at 31 December 2019, 2020 and 2021 and 30 April 2022, the cash and cash equivalents denominated in RMB were approximately RMB42,346,000, RMB32,062,000, RMB61,475,000 and RMB25,364,000 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 are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Banks balances earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. CONTRACT BALANCES

(a) Contract assets

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
Mobile games and software development and maintenance services	–	–	–	–
Solutions on lottery related software systems and equipment	–	2,272	3,255	2,076
	–	2,272	3,255	2,076
Less: Allowance for credit losses	–	(98)	(234)	(285)
	–	2,174	3,021	1,791

Contract assets arising from mobile games and software development and maintenance services and solutions on lottery related software systems and equipment represent the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance as at the end of each of the Track Record Period. The contract assets are transferred to trade receivables when the rights become unconditional.

The expected timing of recovery or settlement for contract assets is within one year.

Changes in contract assets primarily relate to timing of invoicing.

Movement in loss allowances on contract assets were as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
At beginning of year/period	12	–	98	98	234
(Reversal) of/provision for impairment losses *(Note 9)*	(12)	98	136	983	51
At end of year/period	–	98	234	1,081	285

Details of impairment assessment of contract assets for the Track Record Period are set out in Note 37(a).

(b) Contract liabilities

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from:				
Solutions on lottery related software systems and equipment	–	3,003	3,424	5,674
Less: Portion classified as non-current portion	–	(75)	(47)	(255)
Current portion	–	2,928	3,377	5,419

The Group's contract liabilities arising from solutions on lottery related software systems and equipment represent advance consideration received from customers as at the end of each of the Track Record Period.

Movements in the contract liabilities during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
At beginning of year/period	–	–	3,003	3,003	3,424
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at beginning of year/period	–	–	(2,928)	(2,039)	(1,566)
Increase in contract liabilities as a result of cash received, excluding amounts recognised during the year/period	–	3,003	3,349	1,634	3,816
At end of year/period	–	3,003	3,424	2,598	5,674

Contract assets and contract liabilities have increased as a result of the acquisition of Xi'an Tiantai in 2020, see Note 38(a), and the Group typically agrees to a one year retention period for 5-10% of the contract value.

27. TRADE PAYABLES

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	5,412	9,545	40,525	32,648

The credit period on purchase from suppliers is generally ranging from 10 to 60 days as at the end of each of the Track Record Period.

An ageing analysis of the Group's trade payables as at the end of each of the Track Record Period, based on invoice date, is as follows:

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 month	3,954	7,427	38,603	32,057
More than 1 month but less than 3 months	293	–	287	–
More than 3 months but less than 6 months	1,140	710	1,481	495
More than 6 months but less than 1 year	25	96	58	–
More than one year	–	1,312	96	96
	5,412	9,545	40,525	32,648

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	377	1,467	1,003	904
Accrued expenses	3,898	6,756	7,022	4,501
Deposits received	3,091	6,015	16,750	28,867
Other tax payable	898	3,198	3,120	1,494
	8,264	17,436	27,895	35,766

The Company

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued expenses	–	2,183	2,528	1,997

29. BANK BORROWINGS

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured and guaranteed	–	8,890	13,000	21,000
Unsecured and unguaranteed	–	1,480	8,100	21,000
	–	10,370	21,100	42,000
Carrying amounts repayable				
Within one-year or on demand	–	10,370	21,100	42,000

The amount of banking facilities and the utilisation as at 31 December 2020, 31 December 2021 and 30 April 2022 are set out as follows:

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Facilities granted	–	16,480	26,000	42,000
Less: facilities utilised	–	(10,370)	(21,100)	(42,000)
Unused facilities	–	6,110	4,900	–

Including in bank borrowings were bank loans with carrying amount of approximately RMB10,370,000, RMB21,100,000 and RMB34,000,000 carry at fixed interest rates ranged from 4.15% to 5.22% per annum, 4.00% to 6.60% per annum and 4.00 to 6.60% per annum as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

Including in bank borrowings was a bank loan with carrying amount of approximately RMB8,000,000 carry at interest rates of China Loan Prime Rate plus 0.1% with an effective interest at floating rate of 3.8% per annum as at 30 April 2022.

As at 31 December 2020, the guaranteed bank borrowings are guaranteed by personal guarantees of ex-shareholders of a subsidiary. The guaranteed bank borrowings of approximately RMB5,490,000 are guaranteed by Mr. Fan Lianshun and Ms. Zhang Limin.

As at 31 December 2021 and 30 April 2022, the guaranteed bank borrowings are guaranteed by independent third party financial institutions.

As at 31 December 2021 and 30 April 2022, bank facilities of approximately RMB13,000,000 are subjected to the fulfilment of covenants relating to certain of a subsidiary's balance sheet ratios, as are commonly found in leading arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2021 and 30 April 2022, none of the covenants relating to drawn down facilities had been breached.

30. DEFERRED TAX

Details of the net deferred tax assets/(liabilities) recognised and movements during the Track Record Period are as follows:

	Revaluation of intangible assets
	RMB'000
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Acquisition of a subsidiary *(Note 38(a))*	(531)
Credited to profit or loss for the year *(Note 13)*	35
At 31 December 2020 and 1 January 2021	(496)
Credited to profit or loss for the year *(Note 13)*	84
At 31 December 2021 and 1 January 2022	(412)
Credited to profit or loss for the year *(Note 13)*	28
At 30 April 2022	(384)

No deferred tax asset has been recognised in respect of the unused tax losses amounted to approximately RMB2,945,000, RMB3,992,000, RMB3,758,000 and RMB9,202,000 arising in PRC as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively, due to the unpredictability of future profit streams. The unused tax losses can be expired in five years.

31. SHARE CAPITAL

The movements in the issued ordinary share capital of the Company during the year/period are as follows:

	Number	**RMB'000**
Authorised:		
At 1 January 2019, 31 December 2019 and 2020 of US$1 each	50,000	336
Share subdivision (note)	49,950,000	–
At 31 December 2021 and 30 April 2022 of US$0.001 each	50,000,000	336
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 2020 of US$1 each	100	1
Share subdivision (note)	99,900	–
At 31 December 2021 and 30 April 2022 of US$0.001 each	100,000	1

Note:

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 August 2017 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares with a par value of US$1 each. Upon its incorporation, one fully paid ordinary share of US$1 was issued to its first subscriber, which was then transferred to Tanshin Investments. On the same date, the Company allotted and issued 79 fully paid ordinary shares of US$1 each to Tanshin Investments, and 20 fully paid ordinary shares of US$1 each to Sprus Investments, respectively.

On 28 March 2019, Tanshin Investments transferred 20 ordinary shares to Vicen Investments at a consideration of US$20, and Sprus Investments transferred 5 ordinary shares to Vicen Investments at a consideration of US$5. As such, Tanshin Investments, Vicen Investments and Sprus Investments hold 60, 25 and 15 of ordinary shares of the Company, respectively.

Pursuant to an ordinary resolution of the Company dated 29 January 2021, each ordinary share of a par value of US$1 in the authorised share capital of the Company (including issued and unissued share capital) was subdivided into 1,000 Shares of a par value of US$0.001 each ("Share Subdivision"). Immediately following the Share Subdivision, the authorised share capital of the Company became US$50,000 divided into 50,000,000 shares of par value of US$0.001 each, all of which were designated as ordinary shares and that the number of issued ordinary shares to Tanshin Investments, Vicen Investments and Sprus Investments became 60,000 shares of par value of US$0.001 each, 25,000 shares of par value of US$0.001 each and 15,000 ordinary shares of par value of US$0.001 each, respectively.

32. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for each of the Track Record Period are presented in the consolidated statements of changes in equity of this Historical Financial Information.

The Company

	Accumulated losses	Translation reserve	Total
	RMB'000	*RMB'000* *(note (ii))*	*RMB'000*
At 1 January 2019	(44)	(2)	(46)
Loss for the year	(20)	–	(20)
Other comprehensive income for the year	–	(1)	(1)
Total comprehensive income for the year	(20)	(1)	(21)
At 31 December 2019 and 1 January 2020	(64)	(3)	(67)
Loss for the year	(6,126)	–	(6,126)
Other comprehensive income for the year	–	36	36
Total comprehensive income for the year	(6,126)	36	(6,090)
At 31 December 2020 and 1 January 2021	(6,190)	33	(6,157)
Loss for the year	(13,642)	–	(13,642)
Other comprehensive income for the year	–	6	6
Total comprehensive income for the year	(13,642)	6	(13,636)
At 31 December 2021 and 1 January 2022	(19,832)	39	(19,793)
Loss for the period	(1,371)	–	(1,371)
Other comprehensive income for the period	–	51	51
Total comprehensive income for the period	(1,371)	51	(1,320)
At 30 April 2022	(21,203)	90	(21,113)

	Accumulated losses	Translation reserve	Total
	RMB'000	*RMB'000* *(note (ii))*	*RMB'000*
At 1 January 2021	(6,190)	33	(6,157)
Loss for the period	(2,986)	–	(2,986)
Other comprehensive income for the period	–	22	22
Total comprehensive income for the period	(2,986)	22	(2,964)
At 30 April 2021 *(unaudited)*	(9,176)	55	(9,121)

(i) Other reserves

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

(ii) Statutory reserves

In accordance with the relevant regulation in PRC, a subsidiary operating in the PRC is required to transfer 10% of its profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of its respective registered capital. The statutory surplus reserve is non-distributable, and is subject to certain restrictions set out in the relevant regulations in the PRC. This reserve can be used either to offset against accumulated losses or be capitalised as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above usages.

(iii) Translation reserves

It comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(iv) Retained earnings

It represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

33. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the Track Record Period.

Name of related parties	Relationship	Nature of transactions	Year ended 31 December 2019	2020	2021	Four months ended 30 April 2021	2022
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Hangzhou Baiqu Technology Limited* (杭州百趣科技有限公司) *(note (i))*	Related company	Revenue from provision of marketing and promotion services	837	–	–	–	–
Zhejiang Jiuyi Internet Technology Limited* (浙江九弈互聯科技有限公司) *(Note (ii))*	Related company	Revenue from sales of lottery related systems and equipment	1,122	–	–	–	–
Zhejiang Yuanxing	Related company	Revenue from provision of marketing and promotion services	1,597	959	658	185	242

* English translated names are for identification purpose only

The above related party transactions were conducted in accordance with terms mutually agreed between the parties.

Note (i): The entity is controlled by Mr. Chen, one of the controlling shareholders and the executive directors of the Company until 15 April 2020.

Note *(ii):* The entity is controlled by Mr. Tian, one of the controlling shareholders and executive directors of the Company.

(b) Compensation to key management personnel

	Year ended 31 December 2019	2020	2021	Four months ended 30 April 2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and allowances	1,389	1,653	2,223	689	772
Discretionary bonus	98	–	–	–	–
Contributions to defined contribution retirement plan	340	340	414	135	162
	1,827	1,993	2,637	824	934

Further details of directors' remuneration and senior management's emoluments are included in Note 12 to the Historical Financial Information.

34. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		As at 31 December		Year ended 31 December		As at 31 December	
		2019	2020	2019	2020	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hangzhou Runsheng	PRC	35%	N/A	(276)	50	–	–
Rego Huicai	PRC	49%	N/A	(152)	(352)	828	–
Subsidiaries with immaterial non-controlling interests				(44)	(2)	170	–
				(472)	(304)	998	–

Summarised financial information in relation to the material non-controlling interests of the non-wholly-owned subsidiaries, before intra-group eliminations, are presented below:

Hangzhou Runsheng

	For the period from 1 January 2019 to 11 December 2019	For the period from 30 September 2020 to 14 December 2020
	RMB'000	*RMB'000*
Revenue	725	38,295
Expenses	1,513	37,305
(Loss)/profit and total comprehensive income attributable to owners of the Company	(512)	940
(Loss)/profit and total comprehensive income attributable to non-controlling interests	(276)	50
	(788)	990
Net cash used in operating activities	(540)	(328)
Net cash from financing activities	175	–
Net decrease in cash and cash equivalents	(365)	(328)

On 11 December 2019, the Group acquired an addition 35% issued shares of Hangzhou Runsheng increasing its ownership interest to 100%. Please refer to Note 39 for details.

On 30 September 2020, the Group disposed 5% issued shares of Hangzhou Runsheng, decreasing its ownership interest to 95%.

On 14 December 2020, the Group acquired an addition 5% issued shares of Hangzhou Runsheng, increasing its ownership interest to 100%.

Rego Huicai

	As at 31 December 2019
	RMB'000
Current assets	1,660
Non-current assets	121
Current liabilities	92
Equity attributable to owners of the Company	861
Non-controlling interest	828

	For the period from 27 August 2019 to 31 December 2019	For the period from 1 January 2020 to 31 July 2020
	RMB'000	*RMB'000*
Revenue	–	–
Expenses	(311)	(719)
Loss and total comprehensive income attributable to owners of the Company	(159)	(367)
Loss and total comprehensive income attributable to non-controlling interests	(152)	(352)
	(311)	(719)
Net cash used in operating activities	(228)	(1,052)
Net cash used in investing activities	(8)	–
Net cash from financing activities	1,852	–
Net increase/(decrease) in cash and cash equivalents	1,616	(1,052)

On 31 July 2020, the Group disposed 51% issued shares of Rego Huicai. Please refer to Note 40(a) for details.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Bank Borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	–	1,302	1,302
Financing cash flows:			
Repayment of principal portion of lease liabilities	–	(728)	(728)
Interest paid	–	(82)	(82)
Total changes from cash flows	–	(810)	(810)
Non-cash changes:			
New leases *(Note 20)*	–	148	148
Termination of lease *(Note 20)*	–	(254)	(254)
Interest expense	–	82	82
Total non-cash changes	–	(24)	(24)
At 31 December 2019 and 1 January 2020	–	468	468
Financing cash flows:			
Proceeds from borrowings	1,480	–	1,480
Repayment of borrowings	(5,550)	–	(5,550)
Repayment of principal portion of lease liabilities	–	(302)	(302)
Interest paid	(335)	(18)	(353)
Total changes from cash flows	(4,405)	(320)	(4,725)
Non-cash changes:			
Acquired through business combination *(Note 38(a))*	14,440	–	14,440
Termination of lease *(Note 20)*	–	(159)	(159)
Interest expense	335	18	353
Total non-cash changes	14,775	(141)	14,634
At 31 December 2020	10,370	7	10,377

	Bank Borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	10,370	7	10,377
Financing cash flows:			
Proceeds from borrowings	26,100	–	26,100
Repayment of borrowings	(15,370)	–	(15,370)
Repayment of principal portion of lease liabilities	–	(7)	(7)
Interest paid	(673)	(1)	(674)
Total changes from cash flows	10,057	(8)	10,049
Non-cash changes:			
Interest expense	673	1	674
Total non-cash changes	673	1	674
At 31 December 2021	21,100	–	21,100
At 1 January 2022	21,100	–	21,100
Financing cash flows:			
Proceeds from borrowings	21,000	–	21,000
Repayment of borrowings	(100)	–	(100)
Interest paid	(376)	–	(376)
Total changes from cash flows	20,524	–	20,524
Non-cash changes:			
Interest expense	376	–	376
Total non-cash changes	376	–	376
At 30 April 2022	42,000	–	42,000
At 1 January 2021	10,370	7	10,377
Financing cash flows:			
Proceeds from borrowings	13,000	–	13,000
Repayment of borrowings	(2,620)	–	(2,620)
Repayment of principal portion of lease liabilities	–	(7)	(7)
Interest paid	(176)	(1)	(177)
Total changes from cash flows	10,204	(8)	10,196
Non-cash changes:			
Interest expense	176	1	177
Total non-cash changes	176	1	177
At 30 April 2021 (unaudited)	20,750	–	20,750

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of each of the categories of the Group's financial instruments as at the end of each of the Track Record Period are as follow:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost				
Trade receivables	14,077	38,954	82,189	132,981
Deposits and other receivables	2,839	6,463	7,969	5,779
Amounts due from related parties	90	84	96	203
Pledged bank deposit	–	1,392	–	–
Cash and cash equivalents	42,346	32,062	61,475	25,408
	59,352	78,955	151,729	164,371
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	5,412	9,545	40,525	32,648
Other payables and accrued expenses	4,275	8,223	8,025	5,405
Amounts due to related parties	4,851	4,813	27,677	5,486
Bank borrowings	–	10,370	21,100	42,000
	14,538	32,951	97,327	85,539
Lease liabilities	468	7	–	–
	15,006	32,958	97,327	85,539

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group is exposed to a variety of financial risks which comprise credit risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group does not hold or issue derivative financial instruments either for hedging or trading purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, contract assets, deposits and other receivables, amounts due from related parties and deposits with banks and financial institutions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due within 5 to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

At 31 December 2019, 2020 and 2021 and 30 April 2022, the Group has a concentration of credit risk on trade receivables from 3, 2, 1 and 2 customers respectively. The management of the Group considers the credit risk of the trade receivables from these customers is limited as the Group continuously perform credit evaluation on the financial conditions of these debtors. Given the strong business relationship established with these customers, the regular payments made according to contract terms and the financial capability of these customers, the management of the Group does not expect that there will be any significant credit risk from the non-performance of these customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets at the end of each of the Track Record Period:

	ECL rates	Gross carrying amounts	Lifetime ECL	Net carrying amounts
		RMB'000	*RMB'000*	*RMB'000*
At 31 December 2019				
Current (not past due)	0.46%	9,093	(42)	9,051
Less than 1 month past due	2.01%	1,988	(40)	1,948
More than 1 month past due but less than 3 months past due	4.74%	2,998	(142)	2,856
More than 3 months past due but less than 6 months past due	N/A	–	–	–
More than 6 months past due but less than 1 year past due	37.5%	16	(6)	10
More than one year past due	61.94%	557	(345)	212
		14,652	(575)	14,077

	ECL rates	Gross carrying amounts	Lifetime ECL	Net carrying amounts
		RMB'000	*RMB'000*	*RMB'000*
At 31 December 2020				
Current (not past due)	0.69%	33,649	(232)	33,417
Less than 1 month past due	2.17%	3,415	(74)	3,341
More than 1 month past due but less than 3 months past due	5.76%	1,285	(74)	1,211
More than 3 months past due but less than 6 months past due	19.89%	1,599	(318)	1,281
More than 6 months past due but less than 1 year past due	33.93%	2,626	(891)	1,735
More than one year past due	77.93%	648	(505)	143
		43,222	(2,094)	41,128
At 31 December 2021				
Current (not past due)	7.02%	81,076	(5,689)	75,387
Less than 1 month past due	1.97%	9,454	(186)	9,268
More than 1 month past due but less than 3 months past due	4.51%	399	(18)	381
More than 3 months past due but less than 6 months past due	n/a	–	–	–
More than 6 months past due but less than 1 year past due	n/a	–	–	–
More than one year past due	51.53%	359	(185)	174
		91,288	(6,078)	85,210
At 30 April 2022				
Current (not past due)	0.69%	112,243	(772)	111,471
Less than 1 month past due	11.89%	14,429	(1,716)	12,713
More than 1 month past due but less than 3 months past due	26.63%	10,317	(2,747)	7,570
More than 3 months past due but less than 6 months past due	37.65%	4,603	(1,733)	2,870
More than 6 months past due but less than 1 year past due	25.00%	4	(1)	3
More than one year past due	48.76%	283	(138)	145
		141,879	(7,107)	134,772

Expected credit loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

In addition, the directors of the Company considered that the presumption of default has occurred when the instrument is more than 90 days past due would be rebutted by considering the expected subsequent and historical repayment from the trade debtors.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Deposits and other receivables

In respect of deposits and other receivables, the Group monitors the exposures and manages deposits and other receivables based on historical settlement records and past experience. At each reporting date, the credit risk on deposits and other receivables have not increased significantly since initial recognition, the Group measures loss allowances for deposits and other receivables at an amount equal to 12-month ECL.

Amounts due from related parties

The credit risk on amounts due from related parties is limited because of the nature of these balances, credit quality of the counterparties and the historical settlement record.

Deposit with banks and financial institution

All bank balances and bank deposits are held at reputable financial institutions and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. Therefore, ECL rate of the deposits is assessed to be minimal.

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserve of cash and adequate committed lines of funding from major banks, if necessary, to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the Track Record Period and are considered to have been effective in managing liquidity risk.

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019				
Trade payables	5,412	5,412	5,412	–
Other payables and accrued expenses	4,275	4,275	4,275	–
Amounts due to related parties	4,851	4,851	4,851	–
Lease liabilities	468	491	419	72
	15,006	15,029	14,957	72

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020				
Trade payables	9,545	9,545	9,545	–
Other payables and accrued expenses	8,223	8,223	8,223	–
Amounts due to related parties	4,813	4,813	4,813	–
Bank borrowings	10,370	10,763	10,763	–
Lease liabilities	7	8	8	–
	32,958	33,352	33,352	–

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021				
Trade payables	40,525	40,525	40,525	–
Other payables and accrued expenses	8,025	8,025	8,025	–
Amounts due to related parties	27,677	27,677	27,677	–
Bank borrowings	21,100	22,210	22,210	–
	97,327	98,437	98,437	–

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 April 2022				
Trade payables	32,648	32,648	32,648	–
Other payables and accrued expenses	5,405	5,405	5,405	–
Amounts due to related parties	5,486	5,486	5,486	–
Bank borrowings	42,000	44,210	44,210	–
	85,539	87,749	87,749	–

(c) Interest rate risk

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of each of the reporting period were outstanding for the whole year/period. 25 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of bank balances.

If interest rates on bank balances had been 25 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit or loss for the years ended 31 December 2019, 2020 and 2021 and four months ended 30 April 2022 is as follows:

	Year ended 31 December			Four months ended 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Increase/(decrease) in profit for the year				
– as a result of increase in interest rate	79	63	115	80
– as a result of decrease in interest rate	(79)	(63)	(115)	(80)

(d) Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in functional currency.

(e) Capital risk management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the Track Record Period.

The Group monitors capital risk using debt to equity ratio, which is net debts divided by the capital plus net debt. Net debt is calculated as the total of bank borrowing and lease liabilities and amounts due to related parties and less cash and cash equivalents. Capital represents total equity.

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total debt	5,319	15,190	48,777	47,486
Less: Cash and cash equivalents	(42,346)	(32,062)	(61,475)	(25,408)
Net debt	(37,027)	(16,872)	(12,698)	22,078
Total equity	57,716	102,651	105,903	125,711
Debt to equity ratio	(0.64)	(0.16)	(0.12)	0.18

38. BUSINESS COMBINATIONS

(a) Acquisition of Xi'an Tiantai

On 31 July 2020, the Group acquired 100% equity interest in Xi'an Tiantai, a company whose principal activity is solutions on lottery related software systems and equipment and established in the PRC at a cash consideration of RMB15,000,000 from an independent third party.

The fair value of identifiable assets and liabilities of the Xi'an Tiantai as at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	974
Intangible assets	10,104
Inventories	4,554
Trade receivables	18,485
Contract assets	3,373
Prepayments, deposits and other receivables	7,168
Pledge bank deposit	1,392
Cash and cash equivalents	949
Contract liabilities	(1,311)
Trade payables	(7,865)
Other payables and accruals	(17,274)
Bank borrowings	(14,440)
Income tax payable	(710)
Deferred tax liability	(531)
Net assets acquired	4,868
Cash consideration transferred	15,000
Less: Net assets acquired	(4,868)
Goodwill arising on acquisition *(Note 16)*	10,132
Satisfied by:	
Total cash consideration	15,000

	Year ended 31 December 2020
	RMB'000
Net cash outflow on acquisition of the subsidiary:	
Cash consideration paid	(15,000)
Cash and cash equivalents acquired	949
	(14,051)

The fair value of acquired trade receivables is approximately RMB18,485,000. The gross contractual amount for trade receivables due is approximately RMB21,725,000, with a loss allowance of RMB3,240,000 recognised on acquisition.

The goodwill is attributable to Xi'an Tiantai's strong position and profitability in solutions on lottery related software systems and equipment. None of the goodwill is expected to be deductible for tax purpose.

Since the acquisition, Xi'an Tiantai contributed approximately RMB23,987,000 to the Group's revenue and profit of RMB7,835,000 was included in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2020.

Had the acquisition taken place at the beginning of 2020 revenue and profit of the Group would have been approximately RMB132,544,000 and RMB42,274,000 respectively.

39. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

During the Track Record Period, the Group has the following material changes in its ownership interest in subsidiaries that do not result in a loss of control.

On 11 December 2019, the Group acquired an additional 35% issued shares of Hangzhou Runsheng, increasing its ownership interest to 100% at a cash consideration of approximately RMB700,000 was paid to the non-controlling shareholder. The carrying value of the net assets of Hangzhou Runsheng was approximately RMB139,000. A schedule of the effect of acquisition of additional interest is as follow:

	Year ended 31 December 2019
	RMB'000
Carrying amount of non-controlling interest acquired	(49)
Less: Consideration paid/payable to non-controlling shareholder	(700)
Difference recognised in other reserves within equity	(749)

40. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Rego Huicai

On 31 July 2020, the Group disposed of its subsidiary, Rego Huicai to an independent third party. The net assets of Rego Huicai at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	6
Right-of-use assets	34
Prepayments, deposits and other receivables	454
Cash and cash equivalents	564
Other payables and accruals	(88)
Net assets disposed of	970
Non-controlling interests	(475)
Gain on disposal of a subsidiary	525
Total consideration	1,020
Satisfied by:	
Total cash consideration	1,020
Net cash inflow arising on disposal:	
Cash consideration received	1,020
Cash and cash equivalents disposed of	(564)
	456

(b) Disposal of Zhejiang Runye

As part of reorganisation, on 17 August 2021, the Group disposed of its subsidiary, Zhejiang Runye to Mr. Tian and Mr. Zhang. The net assets of Zhejiang Runye at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	402
Trade receivables	1,742
Prepayments, deposits and other receivables	60
Amounts due from group companies	48,803
Cash and cash equivalents	6,309
Other payables	(438)
Amounts due to group companies	(9,450)
Income tax payable	(654)
Net assets disposed of	46,774
Distribution on disposal of a subsidiary *(Note)*	(46,774)
Total consideration	–
Satisfied by:	
Total cash consideration	–
Net cash inflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(6,309)
	(6,309)

Note: The difference arising as a result of the disposal amounting to RMB46,774,000 was deemed as distribution to the shareholders and transferred to other reserve.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 April 2022.

42. SUBSEQUENT EVENTS

Subsequent events of the Group are detailed as below.

(a) On 27 July 2022, the Company adopted a share option scheme, the principal terms of which are set out in the subsection headed "D. Share Option Scheme" in Appendix IV to the Document; and

(b) Pursuant to the general meeting of all shareholders of the Company held on 27 July 2022, it was resolved, among other things, that:

- the Company's authorised share capital was increased to US$2,000,000 divided into 2,000,000,000 shares with a par value of US$0.001 each by the creation of 1,950,000,000 shares; and

- conditional upon all the conditions set out in the section headed "Structure and conditions of the [**REDACTED**]" in this document being fulfilled and subject to and conditional on the share premium of the Company being credited as a result of the issue of the [**REDACTED**] pursuant to the [**REDACTED**], the Directors be and are hereby authorised to issue a total of 749,900,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of the Company at the close of business on the date of the shareholders' Meeting, in proportion to their then existing respective shareholdings by way of capitalisation of the sum of approximately USD749,900 standing to the credit of the share premium account of the Company, and the shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.