The following is the text of a report set out on pages I-1 to I-[95], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FLOWING CLOUD TECHNOLOGY LTD AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of Flowing Cloud Technology Ltd (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages I-4 to I-[95], which comprises the consolidated statements of financial position of the Group as at December 31, 2019, 2020 and 2021 and March 31, 2022, the statements of financial position of the Company as at December 31, 2021 and March 31, 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 December 31, 2021 and the three months ended March 31, 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-[95] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the initial **[REDACTED]** of 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 the 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 the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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 financial position as at December 31, 2019, 2020 and 2021 and March 31, 2022, of the Company's financial position as at December 31, 2021 and March 31, 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 financial information

We have reviewed the stub period comparative 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 three months ended March 31, 2021 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The Directors are responsible for the preparation and presentation of the Stub Period Comparative 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 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 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 to the Historical Financial Information which states that no dividend was declared or paid by the Company since its incorporation.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**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 December 31,			Three months ended March 31,	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	6	250,942	338,598	595,290	138,749	228,869
Cost of revenue		(175,617)	(233,894)	(419,774)	(101,463)	(155,586)
Gross profit		75,325	104,704	175,516	37,286	73,283
Other income		329	1,723	3,130	192	595
Fair value changes on financial liabilities designated as at fair value through profit or loss ("**FVTPL**")		—	(1,357)	(21,075)	(8,700)	—
Other gains and losses	7	(128)	273	447	(819)	(20)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	8	(3,396)	(2,115)	864	(2,716)	(5,625)
Distribution and selling expenses		(5,457)	(7,257)	(13,682)	(3,756)	(3,132)
Administrative expenses		(5,846)	(8,634)	(21,711)	(2,364)	(5,578)
Research and development expenses		(11,425)	(15,046)	(21,703)	(6,649)	(8,152)
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Finance costs	9	(1,056)	(1,920)	(2,357)	(503)	(552)
Profit before tax	10	48,346	70,371	87,142	11,971	48,827
Income tax expense	12	(6,467)	(10,119)	(15,423)	(2,785)	(10,622)
Profit and total comprehensive income for the year/period		41,879	60,252	71,719	9,186	38,205
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company		41,879	58,883	70,202	8,640	38,278
Non-controlling interests		—	1,369	1,517	546	(73)
		41,879	60,252	71,719	9,186	38,205
Basic earnings per share *(RMB cents)*	13	3.5	4.9	5.2	0.7	2.5
Diluted earnings per share *(RMB cents)*	13	N/A	4.9	5.2	0.7	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at March 31,
	NOTES	**2019**	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	223	409	2,140	2,855
Right-of-use assets	*16*	496	959	6,492	5,633
Intangible assets	*17*	11,767	25,840	29,274	53,949
Contract costs	*22*	—	—	1,005	803
Deferred tax assets	*18*	821	1,081	1,325	3,163
		13,307	28,289	40,236	66,403
CURRENT ASSETS					
Inventories	*19*	10,396	4,301	—	—
Loan receivables	*20*	17,264	—	—	—
Trade and other receivables and deposits	*21*	96,932	140,188	166,129	203,584
Contract costs	*22*	22,170	20,802	9,496	11,364
Prepayments	*23*	45,205	93,003	153,375	191,325
Bank balances and cash	*24*	11,705	104,017	214,279	198,315
		203,672	362,311	543,279	604,588
CURRENT LIABILITIES					
Trade and other payables	*25*	52,606	63,899	75,340	92,564
Financial liabilities at FVTPL	*26*	—	48,357	—	—
Lease liabilities	*27*	504	689	3,019	3,696
Bank borrowings	*28*	17,000	38,667	22,300	39,500
Contract liabilities	*29*	19,019	44,436	21,091	24,298
Income tax payable		8,685	14,968	12,451	24,189
		97,814	211,016	134,201	184,247
NET CURRENT ASSETS		105,858	151,295	409,078	420,341
TOTAL ASSETS LESS CURRENT LIABILITIES		119,165	179,584	449,314	486,744
NON-CURRENT LIABILITIES					
Lease liabilities	*27*	—	167	2,744	1,969
		—	167	2,744	1,969
NET ASSETS		119,165	179,417	446,570	484,775
CAPITAL AND RESERVES					
Paid-in capital/share capital	*30*	9,061	9,061	7	7
Reserves	*31*	110,104	168,987	443,677	481,955
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		119,165	178,048	443,684	481,962
Non-controlling interests		—	1,369	2,886	2,813
TOTAL EQUITY		119,165	179,417	446,570	484,775

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2021	As at March 31, 2022
		RMB'000	*RMB'000*
NON-CURRENT ASSET			
Investments in subsidiaries	*(i)*	25,516	25,516
		25,516	25,516
CURRENT ASSETS			
Share issue costs	*21*	3,645	4,846
Amounts due from shareholders	*21*	7	7
Prepayments	*23*	431	1,689
Bank balances and cash	*24*	2,475	2,385
		6,558	8,927
CURRENT LIABILITIES			
Amounts due to subsidiaries	*(ii)*	16,364	20,815
		16,364	20,815
NET CURRENT LIABILITIES		(9,806)	(11,888)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,710	13,628
NET ASSETS		15,710	13,628
CAPITAL AND RESERVES			
Share capital	*30*	7	7
Reserves	*31*	15,703	13,621
TOTAL EQUITY AND EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		15,710	13,628

(i) The investments in subsidiaries of the Company mainly represented deemed investment arising from issue of preferred shares at the nominal value to certain Round C investors (as defined in Note 26) to mirror their ultimate beneficial interests in the Group through shares with preferred rights held by them in Beijing Ophyer Technology Shares Co., Ltd ("**Ophyer Technology**").

(ii) The amounts due to subsidiaries as at December 31, 2021 and March 31, 2022 mainly represented share issue costs and **[REDACTED]** paid on behalf of the Company by its subsidiary.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Paid-in capital/share capital	Capital reserve	Other reserve	Statutory reserve funds	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	9,061	4,206	—	4,530	59,489	77,286	—	77,286
Profit and total comprehensive income for the year	—	—	—	—	41,879	41,879	—	41,879
At December 31, 2019	9,061	4,206	—	4,530	101,368	119,165	—	119,165
Profit and total comprehensive income for the year	—	—	—	—	58,883	58,883	1,369	60,252
Appropriation of statutory reserve funds	—	—	—	409	(409)	—	—	—
At December 31, 2020	9,061	4,206	—	4,939	159,842	178,048	1,369	179,417
Profit and total comprehensive income for the year	—	—	—	—	70,202	70,202	1,517	71,719
Issue of shares *(Note 30)*	7	—	—	—	—	7	—	7
Modification to financial instruments *(Note 26)*	(260)	(111)	(15,348)	—	—	(15,719)	—	(15,719)
Termination of preferred rights of the shares related to the Group and conversion of preferred shares *(Note 26)*	2,772	170,079	38,295	—	—	211,146	—	211,146
Appropriation of statutory reserve funds	—	—	—	846	(846)	—	—	—
Adjustment arising from the Group Reorganization *(Note)*	(11,573)	—	11,573	—	—	—	—	—
At December 31, 2021	7	174,174	34,520	5,785	229,198	443,684	2,886	446,570
Profit/(loss) and total comprehensive Income/(expense) for the period	—	—	—	—	38,278	38,278	(73)	38,205
At March 31, 2022	7	174,174	34,520	5,785	267,476	481,962	2,813	484,775
At January 1, 2021	9,061	4,206	—	4,939	159,842	178,048	1,369	179,417
Profit and total comprehensive income for the period (Unaudited)	—	—	—	—	8,640	8,640	546	9,186
At March 31, 2021 (Unaudited)	9,061	4,206	—	4,939	168,482	186,688	1,915	188,603

Note:

On December 16, 2021, the Group completed the group reorganization of which details are set out in the section headed "History, Development and Corporate Structure — Reorganization" of the Document (the "**Reorganization**"). As a result, the Company became the holding company of the Group since then.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
OPERATING ACTIVITIES					
Profit before tax	48,346	70,371	87,142	11,971	48,827
Adjustments for:					
Interest income	(124)	(1,382)	(828)	(22)	(71)
Exchange differences	—	—	5	—	20
Gains on disposal of intangible assets	—	(902)	—	—	—
Depreciation of property, plant and equipment	125	152	570	48	260
Depreciation of right-of-use assets	992	722	2,746	169	859
Amortization of intangible assets	4,484	5,726	10,836	2,511	3,687
Impairment losses under ECL model, net of reversal	3,396	2,115	(864)	2,716	5,625
Finance costs	1,056	1,920	2,357	503	552
Fair value changes on financial liabilities designated as at FVTPL	—	1,357	21,075	8,700	—
Operating cash flows before movements in working capital	58,275	80,079	123,039	26,596	59,759
Decrease/(increase) in trade and other receivables and deposits	6,756	(45,618)	(21,425)	4,988	(41,879)
Increase in prepayments	(40,657)	(47,798)	(60,372)	(10,224)	(37,573)
Decrease in inventories	13,142	6,095	4,301	4,301	—
(Increase)/decrease in contract costs	(22,170)	1,368	10,301	7,784	(1,666)
(Decrease)/increase in trade and other payables	(3,884)	9,501	10,170	4,160	6,269
Increase/(decrease) in contract liabilities	19,019	25,417	(23,345)	(42,127)	3,207
Cash generated from/(used in) operations	30,481	29,044	42,669	(4,522)	(11,883)
Income tax paid	(4,854)	(4,096)	(18,184)	(6,563)	(722)
Net cash from/(used in) operating activities	25,627	24,948	24,485	(11,085)	(12,605)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(35)	(382)	(2,600)	(212)	(1,102)
Purchase of intangible assets	(5,490)	(19,043)	(15,126)	—	(15,064)
Proceeds from disposal of intangible assets	—	1,982	—	—	—
Increase in loan receivables	(17,511)	—	—	—	—
Repayment of loan receivables	—	17,511	—	—	—
Interest received	124	1,382	828	22	71
Placement of time deposits with maturity over three months	—	—	(150,000)	(50,000)	—
Withdrawal of time deposits with maturity over three months	—	—	150,000	—	—
Net cash (used in)/from investing activities	(22,912)	1,450	(16,898)	(50,190)	(16,095)

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
FINANCING ACTIVITIES					
New bank borrowings raised	19,000	44,400	24,700	—	21,700
Repayment of bank borrowings	(11,000)	(22,733)	(41,067)	(867)	(4,500)
Repayment of lease liabilities	(959)	(833)	(3,372)	(159)	(98)
Interests paid	(1,056)	(1,920)	(1,842)	(503)	(552)
Proceeds from issue of shares with preferred rights and preferred shares	—	47,000	125,480	23,000	—
Payment of shares issue costs	—	—	(1,219)	—	(3,794)
Advance from a related party	—	9,300	—	—	—
Repayment to a related party	—	(9,300)	—	—	—
Net cash from financing activities	5,985	65,914	102,680	21,471	12,756
Net increase/(decrease) in cash and cash equivalents	8,700	92,312	110,267	(39,804)	(15,944)
Cash and cash equivalents at the beginning of the year/period	3,005	11,705	104,017	104,017	214,279
Effect of foreign exchange rate changes	—	—	(5)	—	(20)
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash	11,705	104,017	214,279	64,213	198,315

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the Cayman Islands on June 24, 2021 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed "Corporate Information" of the Document.

The Company is an investment holding company and has not carried out any business operations since the date of incorporation. The Company and its subsidiaries are primarily engaged in the provision of augmented reality and virtual reality ("**AR/VR**") marketing services, AR/VR contents and relevant services.

The immediate holding company of the Company is Brainstorming Cafe Limited, which was incorporated in the British Virgin Islands (the "**BVI**").

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. GROUP REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Prior to the incorporation of the Company and the completion of the Group reorganizations, the main operating activities of the Group were carried out by Ophyer Technology and its subsidiaries, which were established in the People's Republic of China (the "**PRC**") (collectively, the "**Consolidated Affiliated Entities**"). During the Track Record Period, Ophyer Technology was owned by Mr. Wang Lei and Mr. Li Yanhao (collectively, the "**Controlling Shareholders**") and other shareholders (collectively referred to as "**Ophyer Shareholders**").

In preparation for the **[REDACTED]** of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**[REDACTED]**"), the Group underwent the Reorganization involving the following steps: (i) incorporating the Company and certain investment holding companies including a wholly-owned subsidiary established in the PRC namely Beijing Flowing Cloud Technology Co., Ltd. ("**WFOE**"), (ii) incorporating investment holding companies by each of the Ophyer Shareholders and each of them subscribing the shares of the Company with the equivalent shareholding percentage of Ophyer Technology and (iii) entering into the Contractual Arrangements as detailed below.

As the shares are proportionately issued to the shareholders of the Company, the Group resulting from the Reorganization, which involves interspersing certain investment holding companies including the Company between Ophyer Technology and the Ophyer Shareholders and execution of the Contractual Arrangements (see definition in the paragraph below), is regarded as a continuing entity throughout the Track Record Period, regardless of the actual date when they legally form part of a group. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Reorganization had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment, where there is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2019 and 2020 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the group entities, as if the current group structure upon completion of the Reorganization had been in existence at those dates taking into account the respective dates of incorporation/establishment, where applicable.

The Group conducts its business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on foreign ownership in the Internet cultural business industry in the PRC. WFOE entered into contractual arrangements with Ophyer Technology and the Ophyer Shareholders on December 16, 2021, and WFOE entered into contractual arrangements with the Consolidated Affiliated Entities on May 6, 2022 (the "**Contractual Arrangements**"). Pursuant to the Contractual Arrangements, WFOE is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by WFOE;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. WFOE may exercise such options at any time until they have acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, pledge or dispose of any assets, or make any distributions to their equity holders without prior consent of WFOE; and

- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders as collateral security for payments of the Consolidated Affiliated Entities due to WFOE and to secure performance of the Consolidated Affiliated Entities' obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities, has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities have been included in the Group's Historical Financial Information.

Total assets of Ophyer Technology and its subsidiaries, which were involved in the Contractual Arrangements, were RMB208 million, RMB381 million, RMB579 million and RMB606 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively, and these balances have been reflected in the Group's consolidated financial statements with intercompany balances among the Consolidated Affiliated Entities eliminated.

Total revenue of Ophyer Technology and its subsidiaries, which were involved in the Contractual Arrangements, was RMB251 million, RMB329 million, RMB584 million and RMB183 million for the years ended December 31, 2019, 2020 and 2021, and the three months ended March 31, 2022, respectively, and these amounts have been reflected in the Group's consolidated financial statements with intercompany transactions among the Consolidated Affiliated Entities eliminated.

3. APPLICATION OF NEW AND REVISED IFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the International Accounting Standards ("**IASs**"), IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting period beginning on January 1, 2022 consistently throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after January 1, 2023.
2 Effective for annual periods beginning on or after a date to be determined.

The Group expects that the application of all new and amendments to IFRSs that have been issued but are not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss, if any.

Revenue from contracts with customers

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

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

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

There are no variable consideration and significant financing component for the Group's revenue from contracts with customers.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

AR/VR marketing service business

The Group develops AR/VR interactive content to provide service solutions to customers including the design and placement of advertisements based on such AR/VR content. The Group provides customers with one-stop AR/VR marketing services, including formulating AR/VR service plans, designing AR/VR interactive content, distributing AR/VR interactive content, and collecting, monitoring and optimizing marketing data and feedback, in order to realize the customers' targets such as enhancing brand exposure and improving brand awareness.

The Group recognizes revenue at a point in time when specific services are provided based on the results of the placement of services in relevant platforms which are confirmed with the customers monthly.

AR/VR content business

Utilizing the self-developed AR/VR development engines, AR/VR content business offers customized content according to the needs of customers. The Group provides AR/VR content to customers and bring the end users diversified and immersive experiences in a virtual world.

Revenue is recognized at a point in time when control over the customized content has been transferred to the customer.

*Sales of Intellectual Properties ("**IPs**")*

Revenue from sales of IPs is recognized when the control of the certain adaptation rights of IPs is transferred to a customer. Control of the rights is transferred to the customers, when an agreement has been signed with a customer and the required documents have been delivered.

*AR/VR Software as a Service ("**SaaS**") services*

Leveraging the experiences the Group accumulated in AR/VR marketing service and AR/VR content businesses, the Group provides standardized solutions on the AR/VR SaaS platform. The AR/VR SaaS platform enables customers to generate, publish and utilize AR/VR content.

The Group charges customers for developing customized SaaS content. Revenue from developing customized content is recognized at a point in time when control over the customized content has been transferred to the customer.

Other SaaS services are provided on a subscription basis, and a monthly or annual subscription fee is charged to customers. Revenue generated from subscription fees is recognized over the subscription period on a straight-line basis.

Others

The Group generates revenues from text message services, promotion services, technical services, artist endorsement services, games and games related business. The Group recognizes revenue at a point in time when specific services are provided or the customized product is passed to the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognizes such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

The Group incurs costs to fulfil its customized product development contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group as lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. As the adjustments to fair value at initial recognition are insignificant, such adjustments are not considered and are not included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. 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 recognized in profit or loss in the period in which they arise.

Borrowing costs

All the Group's borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income 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 recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

Payments to the retirement funds scheme managed by local social security bureau in accordance with the government regulations in the PRC, are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when the employee rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including furniture, fixtures and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Research and development expenditure

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

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Impairment on property, plant and equipment, contract costs, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories mainly consist of certain copyrights of literary works and are stated at the lower of cost and net realizable value. Inventories are initially recognized at costs, including all direct costs associated with the purchase of certain copyrights, which are held for sale in the ordinary course of business. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

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

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables and deposits, loan receivables, time deposits with maturity over three months and bank balances and cash), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ("**12m**") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instruments is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Derecognition/modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognized to profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

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 Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Consolidation of affiliated entities

The Group obtained control of the Consolidated Affiliated Entities by entering into the Contractual Arrangements. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC Laws and are legally enforceable.

Key sources of estimation uncertainty

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

Fair value of shares with preferred rights and preferred shares

The Group has issued several rounds of shares with preferred rights and preferred shares during the Track Record Period as set out in Note 26. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow and Black-Scholes model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as the growth rate in the cash flow projections of the Group, the discount rates, time to liquidation, risk-free interest rate, expected volatility value, dividend yield and possibilities under different scenarios of qualified listing, redemption, and liquidation, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities designated as at FVTPL. The fair values of the shares with preferred rights and preferred shares of the Group during the Track Record Period are set out in Note 26.

Provision of ECL for trade receivables

The Group recognizes lifetime ECL for trade receivables, using collective assessment based on the Group's internal credit ratings except that those with significant increase in credit risk or credit-impaired are assessed individually. The debtors with significant increase in credit risk or credit-impaired are assessed individually by reference to aging, past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at January 1, 2019, December 31, 2019, 2020 and 2021 and March 31, 2022, the carrying amounts of trade receivables were RMB106,536,000, RMB96,722,000, RMB139,755,000, RMB161,856,000 and RMB197,898,000, after deducting allowance for credit losses of RMB2,928,000, RMB5,502,000, RMB7,864,000, RMB7,000,000 and RMB12,625,000, respectively. Details of trade receivables are set out in Note 21.

6. REVENUE AND SEGMENTAL INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
AR/VR marketing service business	137,103	141,701	376,341	81,275	165,574
AR/VR content business	45,323	114,758	161,395	42,611	53,685
Sales of IPs	30,519	29,811	4,472	4,717	—
AR/VR SaaS service	6,514	9,238	20,588	2,101	9,522
Others *(Note a)*	31,483	43,090	32,494	8,045	88
	250,942	338,598	595,290	138,749	228,869

Note:

a. The amounts represented the revenue from text message services, promotion services, technical services, artist endorsement services, games and games related business.

Timing of revenue recognition

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
A point in time	250,942	338,598	589,227	138,588	225,434
Over time	—	—	6,063	161	3,435
	250,942	338,598	595,290	138,749	228,869

Performance obligations for contracts with customers

The Group mainly acts as the principal to contracts with customers and therefore recognized revenue earned and costs incurred related to the transactions on a gross basis where the Group is the primary obligor and is responsible for (i) identifying and contracting with individual customers and negotiating with them for the contract price; (ii) identifying and contracting with suppliers (normally the Group made prepayments to suppliers for the advertising traffic to be used for a future period, for example nine months); and (iii) bearing sole responsibility for fulfillment of the services. Such revenue is recognized at a point in time when specific services were provided based on different pricing models (for example, cost per action or cost per click for performance-based smart marketing services as a result of the placement of promotions in relevant traffic platforms). The normal credit term is three to six months upon the date of the Group's receipt of the bills from the customers.

In addition, the Group also engaged in artist endorsement business and generated agency fee by providing artist endorsement services to advertisers through third-party artist agency. The agency fee earned represented the contract price of advertisers, net of the cost paid to the artist agency. Such revenue amounting to RMB1,883,000 was recognized for the year ended December 31, 2020.

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

As at December 31, 2021 and March 31, 2022, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the contracts of AR/VR SaaS services were RMB12,014,000 and RMB8,473,000, respectively, which are expected to be recognized as revenue within two years.

The original expected duration of all other contracts of the Group are within one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

For management purposes, the Group does not organize into business units based on their services and only has one reportable operating segment. The chief operating decision maker monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment. In this regard, no segment information is presented.

Geographical information

The Group is located in the PRC and all of the Group's revenue is generated from contracts with customers in the PRC based on the place of establishment of the customers, and all of the Group's non-current assets are located in the PRC. Thus, no geographical information is presented.

Information about major customers

Revenue from customers during the Track Record Period contributing for 10% or more of the total revenue of the Group are as follows:

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	N/A[2]	48,113	60,686	19,132	N/A[2]
Customer B	29,651	—[1]	—[1]	—[1]	—[1]
Customer C	30,233	N/A[2]	—[1]	—[1]	—[1]
Customer D	25,776	—[1]	—[1]	—[1]	—[1]
Customer E	—[1]	37,640	N/A[2]	N/A[2]	N/A[2]

1 No revenue was generated from this customer for the relevant year/period.

2 The revenue generated from the customer was less than 10% of the total revenue of the Group for the relevant year/period.

7. OTHER GAINS AND LOSSES

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Gains on disposal of intangible assets	—	902	—	—	—
Foreign exchange losses	—	—	(5)	—	(20)
Others	(128)	(629)	452	(819)	—
	(128)	273	447	(819)	(20)

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Impairment losses recognized/(reversed) on					
— trade receivables	2,574	2,362	(864)	2,716	5,625
— loan receivables	247	(247)	—	—	—
— other receivables	575	—	—	—	—
	3,396	2,115	(864)	2,716	5,625

Details of impairment assessment for the Track Record Period are set out in Note 33.

9. FINANCE COSTS

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expense on bank borrowings	972	1,886	1,549	489	469
Interest expense on other financial liabilities *(Note 26)*	—	—	515	—	—
Interest expense on lease liabilities	84	34	293	14	83
	1,056	1,920	2,357	503	552

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation of property, plant and equipment	125	152	570	48	260
Depreciation of right-of-use assets	992	722	2,746	169	859
Amortization of intangible assets (included in cost of revenue)	4,484	5,726	10,836	2,511	3,687
Total depreciation and amortization	5,601	6,600	14,152	2,728	4,806
Staff costs (including the Directors' remuneration as set out in Note 11):					
Salaries and other benefits	5,370	7,393	17,987	3,566	6,341
Retirement benefits scheme contributions	1,019	84	2,938	588	799
Discretionary bonus	2,204	3,158	7,248	1,461	2,179
Total staff costs	8,593	10,635	28,173	5,615	9,319
Auditors' remuneration	—	—	878	—	98

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Wang Lei was appointed as an executive director and chief executive officer of the Company on June 24, 2021.

Mr. Li Yanhao, Ms. Xu Bing and Mr. Li Yao were appointed as executive directors of the Company on December 13, 2021.

Details of the emoluments paid or payable to the Directors and chief executive officer of the Company (including emoluments of their services as employees or directors of the group entities prior to becoming the Directors) during the Track Record Period are as follows:

	Fee	Salaries and other benefits	Contribution to retirement benefits scheme	Discretionary bonus *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019					
Executive directors					
Wang Lei	—	285	48	126	459
Li Yanhao	—	193	38	84	315
Xu Bing	—	145	29	63	237
Li Yao	—	196	41	84	321
	—	819	156	357	1,332

	Fee	Salaries and other benefits	Contribution to retirement benefits scheme	Discretionary bonus *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2020					
Executive directors					
Wang Lei	—	446	4	214	664
Li Yanhao	—	289	3	137	429
Xu Bing	—	192	3	94	289
Li Yao	—	224	3	102	329
	—	1,151	13	547	1,711

	Fee	Salaries and other benefits	Contribution to retirement benefits scheme	Discretionary bonus *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021					
Executive directors					
Wang Lei	—	679	55	336	1,070
Li Yanhao	—	437	48	210	695
Xu Bing	—	270	36	126	432
Li Yao	—	277	44	116	437
	—	1,663	183	788	2,634

	Fee	Salaries and other benefits	Contribution to retirement benefits scheme	Discretionary bonus *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended March 31, 2022					
Executive directors					
Wang Lei	—	170	14	84	268
Li Yanhao	—	111	14	53	178
Xu Bing	—	69	11	32	112
Li Yao	—	70	12	32	114
	—	420	51	201	672

	Fee	Salaries and other benefits	Contribution to retirement benefits scheme	Discretionary bonus *(Note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended March 31, 2021 (unaudited)					
Executive directors					
Wang Lei	—	170	13	84	267
Li Yanhao	—	107	10	53	170
Xu Bing	—	66	8	32	106
Li Yao	—	68	10	32	110
	—	411	41	201	653

The executive directors' and chief executive's emoluments shown above were mainly for their services in connection with the management affairs of the Company and the Group.

On September 8, 2022, Jiang Yi, Tan Deqing and Wang Beili have been appointed as independent non-executive directors of the Company.

Note: The discretionary bonus is determined by the Directors based on the performance of the Directors and the Group.

(b) Employees' emoluments

The five highest paid employees of the Group included three, four, three, two (unaudited) and two Directors during each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining highest paid employees during the Track Record Period, who were neither a Director nor chief executive officer of the Company are as follows:

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and other benefits	424	225	659	254	265
Contributions to retirement benefits schemes	78	3	104	39	39
Discretionary bonus *(Note)*	188	97	304	118	122
	690	325	1,067	411	426

The remunerations of each of the highest paid employees who are neither Directors nor chief executive officer are all within HK$1,000,000.

Note: The discretionary bonus is determined by the Directors based on the performance of the employees and the Group.

During the Track Record Period, none of the Directors and chief executive officer of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the Directors or chief executive officer or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current enterprise income tax	6,887	10,379	15,667	3,187	12,460
Deferred tax *(Note 18)*	(420)	(260)	(244)	(402)	(1,838)
	6,467	10,119	15,423	2,785	10,622

Tax charge for the year/period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before tax	48,346	70,371	87,142	11,971	48,827
Tax at the applicable tax rate of 25%	12,087	17,593	21,786	2,993	12,207
Tax effect of expenses not deductible for tax purpose	21	365	5,484	2,404	81
Effect of research and development expenses that are additionally deducted	(1,086)	(1,401)	(1,918)	(1,033)	(1,296)
Effect on concessionary tax rate	(5,026)	(6,648)	(10,731)	(1,719)	—
Utilisation of previously unrecognized tax losses	(126)	(54)	—	—	—
Tax effect of deductible temporary differences/tax losses not recognized	597	264	802	140	328
Effect of changes in tax rate applicable to deferred tax assets	—	—	—	—	(698)
Tax charge	6,467	10,119	15,423	2,785	10,622

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

PRC

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for the Track Record Period.

Ophyer Technology was qualified as a High-New Technology Enterprises ("**HNTE**") since August 10, 2017, and the HNTE status was approved to extend for another three years on December 2, 2020. A preferential income tax rate of 15% would be entitled by Ophyer Technology if certain requirements have been met. For the three years ended December 31, 2021, the requirements have been met and Ophyer Technology was subject to a preferential income tax rate of 15%. For the three months ended March 31, 2022, the management assessed and concluded that certain requirements of HNTE could not be met and Ophyer Technology probably could not entitle the preferential income tax rate of 15% for the year ended December 31, 2022 and was subject to the income tax rate of 25%.

According to "關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知" (Caishui [2011] 112) issued by the State Administration of Taxation and the Ministry of Finance of the PRC, Horgos Core Network Technology Co., Ltd, which was founded in 2017 and located in Horgos city in the PRC, and Kashi Fanxing Information Technology Co., Ltd, which was founded in 2018 and located in Kashi city in the PRC, were exempted from income tax before December 31, 2020.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% or 10% during the Track Record Period.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit for the year/period attributable to owners of the Company	41,879	58,883	70,202	8,640	38,278
Earnings for the purpose of basic and diluted earnings per share	41,879	58,883	70,202	8,640	38,278

Number of shares

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	'000	*'000*	*'000*	*'000* (Unaudited)	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,200,535	1,200,535	1,350,154	1,200,535	1,538,500
Effect of potential ordinary shares — shares with preferred rights	—	2,381	—	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,200,535	1,202,916	1,350,154	1,200,535	1,538,500

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the Reorganization and **[REDACTED]** as disclosed in Note 2, Note 30 and Note 38 had been effected since January 1, 2019.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares, including the effect of shares with preferred rights and preferred shares as disclosed in Note 26. For the year ended December 31, 2019 and the three months ended March 31, 2022, there were no potential ordinary shares. For the year ended December 31, 2021 and the three months ended March 31, 2021 (unaudited), the potential ordinary shares were not included in the calculation of diluted earnings per share, as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share for the years ended December 31, 2021 and the three months ended March 31, 2021 (unaudited) were the same as basic earnings per share for the respective years.

14. DIVIDENDS

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

The rate of dividend and the number of shares ranking for the dividend are not presented as such information is not meaningful having regards for the purpose of the Historical Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment
	RMB'000
COST	
At January 1, 2019	394
Additions	31
At December 31, 2019	425
Additions	338
At December 31, 2020	763
Additions	2,301
At December 31, 2021	3,064
Additions	975
At March 31, 2022	4,039
DEPRECIATION	
At January 1, 2019	77
Provided for the year	125
At December 31, 2019	202
Provided for the year	152
At December 31, 2020	354
Provided for the year	570
At December 31, 2021	924
Provided for the period	260
At March 31, 2022	1,184
CARRYING VALUES	
At December 31, 2019	223
At December 31, 2020	409
At December 31, 2021	2,140
At March 31, 2022	2,855

The above items of property, plant and equipment are depreciated so as to write off the cost of assets less their residual values on a straight-line basis over the following periods:

Furniture, fixtures and equipment	3 years

16. RIGHT-OF-USE ASSETS

The Group leases certain office buildings, the lease term of which during the Track Record Period varies from 2 to 3 years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group does not have the option to purchase the leased properties at the end of the lease term. The lease contracts do not impose any covenants, but the leased assets may not be used as security for borrowing purposes.

	Leased properties
	RMB'000
COST	
At January 1, 2019	1,984
Additions	—
At December 31, 2019	1,984
Additions	1,185
Derecognition upon expiration of the term	(1,984)
At December 31, 2020	1,185
Additions	8,279
At December 31, 2021	9,464
Additions	—
At March 31, 2022	9,464

	Leased properties
	RMB'000
DEPRECIATION	
At January 1, 2019	496
Charge for the year	992
At December 31, 2019	1,488
Charge for the year	722
Derecognition upon expiration of the term	(1,984)
At December 31, 2020	226
Charge for the year	2,746
At December 31, 2021	2,972
Charge for the period	859
At March 31, 2022	3,831
CARRYING VALUES	
At December 31, 2019	496
At December 31, 2020	959
At December 31, 2021	6,492
At March 31, 2022	5,633

The Group regularly entered into short-term leases for properties. During the three years ended December 31, 2021 and the three months ended March 31, 2021 and 2022, expenses relating to short-term leases of buildings amounting to RMB108,000, RMB766,000, RMB497,000, RMB267,000 (unaudited) and RMB184,000, respectively, were recognized.

During the three years ended December 31, 2021 and the three months ended March 31, 2021 and 2022, the total cash outflow for leases were RMB1,143,000, RMB1,663,000, RMB4,502,000, RMB459,000 (unaudited) and RMB969,000, respectively.

17. INTANGIBLE ASSETS

	Softwares	IPs	Total
	RMB'000	*RMB'000* *(Note)*	*RMB'000*
COST			
At January 1, 2019	11	16,037	16,048
Additions	—	5,179	5,179
At December 31, 2019	11	21,216	21,227
Additions	12	20,755	20,767
Disposals	—	(1,189)	(1,189)
Expiration of authorization	—	(3,019)	(3,019)
At December 31, 2020	23	37,763	37,786
Additions	119	14,151	14,270
Expiration of authorization	(11)	(7,134)	(7,145)
At December 31, 2021	131	44,780	44,911
Additions	60	28,302	28,362
At March 31, 2022	191	73,082	73,273
AMORTIZATION			
At January 1, 2019	9	4,967	4,976
Provided for the year	2	4,482	4,484
At December 31, 2019	11	9,449	9,460
Provided for the year	2	5,724	5,726
Eliminated on disposals	—	(221)	(221)
Expiration of authorization	—	(3,019)	(3,019)
At December 31, 2020	13	11,933	11,946
Provided for the year	16	10,820	10,836
Expiration of authorization	(11)	(7,134)	(7,145)
At December 31, 2021	18	15,619	15,637
Provided for the period	16	3,671	3,687
At March 31, 2022	34	19,290	19,324
CARRYING VALUES			
At December 31, 2019	—	11,767	11,767
At December 31, 2020	10	25,830	25,840
At December 31, 2021	113	29,161	29,274
At March 31, 2022	157	53,792	53,949

Note: IPs refer to the Group's adaptation right for production of AR/VR SaaS pattern plates, AR/VR contents and games which are based on certain fictions, animation images and games acquired from the owners of these IPs. These rights have a term of 3 to 5 years. During the year ended December 31, 2020, the Group disposed of certain IPs with an aggregate carrying amount of RMB968,000 for cash consideration of RMB1,870,000 (excluding VAT), resulting in a gain on disposal of RMB902,000.

All of the Group's intangible assets were acquired from independent third parties and have finite useful lives or authorization periods. Such intangible assets are amortized on a straight-line basis over the following periods:

Softwares	3 years
IPs	3–5 years

18. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purpose:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	821	1,081	1,325	3,163

The deferred tax assets recognized by the Group and the movements thereon during the Track Record Period are as follows:

	Tax losses	ECL provisions	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2019	—	401	401
Credit to profit or loss	—	420	420
At December 31, 2019	—	821	821
Credit to profit or loss	—	260	260
At December 31, 2020	—	1,081	1,081
Credit/(charge) to profit or loss	266	(22)	244
At December 31, 2021	266	1,059	1,325
(Charge)/credit to profit or loss	(266)	1,406	1,140
Effect of change in tax rate	—	698	698
At March 31, 2022	—	3,163	3,163

As at the end of each reporting period, the Group has unrecognized tax losses available for offsetting against future profits as follows:

	As at December 31,			As at March 31,
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unrecognized tax losses *(Note)*	1,901	2,239	5,295	6,607

Note: The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the PRC. The unrecognized tax losses will expire in five years after they are incurred, in respect of which, no deferred tax asset has been recognized due to the unpredictability of future tax profit streams. The unrecognized tax losses declared will expire in the following years:

	As at December 31,			As at March 31,
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2020	60	—	—	—
2023	44	28	—	—
2024	1,797	1,598	1,028	1,028
2025	—	613	388	388
2026	—	—	3,879	3,879
2027	—	—	—	1,312
	1,901	2,239	5,295	6,607

As at December 31, 2019, 2020 and 2021 and March 31, 2022, the Group has other deductible temporary differences of approximately RMB852,000, RMB1,295,000, RMB550,000 and RMB550,000, which are mainly arising from impairment losses. No deferred tax asset has been recognized in relation to such other deductible temporary differences as it is not probable that taxable profit will be available for offsetting against which the deductible temporary differences can be utilized.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at December 31, 2021 and March 31, 2022, deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB234,803,000 and RMB272,786,000, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

19. INVENTORIES

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Copyright rights for sale	10,396	4,301	—	—

20. LOAN RECEIVABLES

Loan receivables as at December 31, 2019 represented unsecured and unguaranteed loans to two suppliers for the supplier's liquidity purpose.

	As at December 31, 2019		
	Effective interest rate	Maturity date	Carrying amount
	%		*RMB'000*
CURRENT			
Loan receivables			
RMB5,000,000 fixed-rate loan receivables	12.00	May 10, 2020	5,013
RMB12,400,000 fixed-rate loan receivables	9.60	December 14, 2020	12,251
			17,264

Included in the carrying amount of loan receivables as at December 31, 2019 were accumulated impairment losses of RMB247,000.

The principal and interests of the loan receivables were received in full during the year ended December 31, 2020.

The Company's management is of the view that the arrangements do not contravene the Civil Code of the PRC or related judicial interpretation.

21. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group

	At January 1,	As at December 31,			As at March 31,
	2019	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	109,464	102,224	147,619	168,856	210,523
Less: Allowance for credit losses	(2,928)	(5,502)	(7,864)	(7,000)	(12,625)
	106,536	96,722	139,755	161,856	197,898
Share issue costs		—	—	3,645	4,846
Rental and other deposits		213	435	393	752
Amounts due from shareholders		—	—	7	7
Other receivables		575	576	806	659
Less: Allowance for credit losses		(578)	(578)	(578)	(578)
		210	433	4,273	5,686
Total trade and other receivables and deposits		96,932	140,188	166,129	203,584

Amounts due from shareholders were non-trade related, unsecured, interest free, repayable on demand and have been settled prior to the **[REDACTED]**.

The Group usually allows a credit period of three to six months to its customers which is interest free with no collateral. Aging of trade receivables, net of allowance for credit losses, is prepared based on the date of the Group's receipt of the bills from the customers, which approximated the respective revenue recognition dates, are as follows:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	68,759	89,398	144,185	158,935
6–12 months	15,063	41,615	11,697	30,873
1–2 years	12,900	6,866	5,974	8,090
2–3 years	—	1,876	—	—
	96,722	139,755	161,856	197,898

At December 31, 2019, 2020 and 2021 and March 31, 2022, included in the Group's trade receivables balance were debtors with aggregate carrying amounts of RMB27,963,000, RMB50,357,000, RMB17,671,000 and RMB38,963,000 which were past due as at those dates. Out of the past due balance, RMB12,900,000, RMB6,866,000, RMB5,974,000 and RMB8,090,000 have been past due for 180 days or more and are not considered as in default because the amounts were due from a number of independent reputable customers with good credit ratings. The Group considers that there is no significant change in these customers' credit risk.

Details of impairment assessment of trade and other receivables and deposits are set out in Note 33.

The Company

Amounts due from shareholders were non-trade related, unsecured, interest free, repayable on demand and have been settled prior to the **[REDACTED]**.

22. CONTRACT COSTS

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Incremental costs to obtain contracts	—	—	3,803	2,552
Costs to fulfill contracts				
— Setup cost	22,170	20,802	5,693	8,812
	22,170	20,802	9,496	11,364

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Incremental costs to obtain contracts	—	—	1,005	803

Incremental costs to obtain contracts capitalized relate to the incremental sales commissions paid to agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's SaaS service. Contract costs are recognized as part of cost of revenue in the consolidated statements of profit or loss in the period in which revenue from the related SaaS services is recognized. The amount of capitalized costs recognized in profit or loss during the year ended December 31, 2021 and the three months ended March 31, 2022 were RMB2,437,000 and RMB1,431,000. There was no impairment in relation to these costs capitalized during the year/period.

Costs to fulfill contracts capitalized relate to the setup cost to provide the AR/VR content. Contract costs are recognized as part of cost of revenue in the consolidated statements of profit or loss in the period in which revenue from the related AR/VR content is recognized. The amount of capitalized costs recognized in profit or loss during the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022 were RMB7,547,000, RMB36,792,000, RMB44,481,000 and RMB5,491,000, respectively. There was no impairment in relation to these costs capitalized during the years/period.

23. PREPAYMENTS

The Group

	As at December 31,			As at March 31,
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for purchases of traffic	44,660	85,937	138,436	171,509
Prepayments for outsourcing service	170	6,875	13,969	16,099
Prepayments for purchases of inventories	272	—	—	—
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other prepayments	103	191	539	2,028
	45,205	93,003	153,375	191,325

The Company

The balances as at December 31, 2021 and March 31, 2022 represented prepaid **[REDACTED]** and share issue costs.

24. BANK BALANCES AND CASH

The Group and the Company

Bank balances carried interest at market interest rate ranging from 0.30% to 0.35% per annum as at December 31, 2019, 2020 and 2021 and March 31, 2022. Bank balances and cash as at December 31, 2021 and March 31, 2022 amounting to RMB6 was denominated in US Dollar ("**USD**"). Bank balances and cash as at December 31, 2021 and March 31, 2022 amounting to RMB2,475,000 and RMB2,385,000 were denominated in Hong Kong Dollar ("**HKD**").

25. TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	45,381	45,520	44,263	60,361
Employee compensation payable	810	1,574	3,049	3,210
Other tax payable	6,410	15,128	21,683	27,367
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued share issue costs	—	—	2,426	210
Other payables and accruals	5	1,677	78	698
	52,606	63,899	75,340	92,564

The following is an aged analysis of trade payables presented based on the date of billing documents at the end of each reporting period.

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	36,994	27,992	25,080	40,287
6–12 months	5,449	1,850	2,048	1,739
1–2 years	2,938	15,378	2,877	4,077
Over 2 years	—	300	14,258	14,258
	45,381	45,520	44,263	60,361

The average credit period on purchases of goods or services is three to six months.

26. FINANCIAL LIABILITIES AT FVTPL AND OTHER FINANCIAL LIABILITIES

Ophyer Technology entered into share subscription agreements with independent investors and issued four rounds ("**Round A**", "**Round A+**", "**Round B**" and "**Round C**", respectively) of shares with preferred rights or preferred shares from year 2020 to 2021, and all the preferred rights have subsequently been canceled in July 2021 and all the preferred shares have been converted into ordinary shares in December 2021. Fair values for each round at the end of each Track Record Period are as follows:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Round A	—	18,006	—	—
Round A+	—	30,351	—	—
Round B	—	—	—	—
Round C	—	—	—	—
	—	48,357	—	—

Round A

In July 2020, Ophyer Technology entered into Round A share subscription agreements with four third-party investors ("**Round A investors**"). Ophyer Technology issued 348,500 shares with preferred rights at RMB1.00 per share for a total cash proceeds of RMB20 million, representing 3.72% of the ownership of Ophyer Technology on a fully diluted basis. Ophyer Technology received the payment amounting to RMB17,000,000 during the year ended December 31, 2020 and RMB3,000,000 during the year ended December 31, 2021, respectively.

The key terms of Round A Shares are set as below:

(a) Anti-dilution rights

When Ophyer Technology intends to increase its registered capital through capital increase and share expansion, issuance of new shares or issuance of convertible bonds, if the subscription price for each RMB registered capital of such subsequent capital increase is lower than the subscription price corresponding to each RMB of registered capital invested by Round A investors in Ophyer Technology, certain Round A investors have the rights to require Mr. Wang Lei or Ophyer Technology to jointly and severally transfer a certain proportion of Ophyer Technology's shares to certain Round A investors free of charge to adjust certain Round A investors' proportion of shares held equal to a specific proportion.

(b) Liquidation preference

In the event of any liquidation, including the transfer of material assets and the acquisition with change of control of Ophyer Technology, all assets and funds of Ophyer Technology legally available for distribution to the shareholders shall be distributed to the shareholders of Ophyer Technology as follows:

- Certain Round A investor shares with preferred rights at the higher of 100% of the issue price plus 10% simple annual interest of the issue price commencing from the issue date and 1.5 times of the issue price, and shares the residual distribution with the other shareholders, if any, but up to the ceiling of 3 times of the issue price;

- Other shareholders of Ophyer Technology except certain Round A investor with preferred rights.

(c) Preemptive rights

When Ophyer Technology increases capital or issues new shares, it should first notify certain Round A investors in writing of the proposed conditions, commercial terms and related terms of the capital increase or new share issuance, including but not limited to the number of capital increase or issuance of new shares, pricing standards, estimated completion time, etc. Certain Round A investors shall have the same priority to subscribe for capital increase/subscribe for newly issued shares based on its shareholding ratio under the same terms and conditions as the existing shareholders.

(d) Performance compensation right

Certain Round A investor has the right to require Mr. Wang Lei or Ophyer Technology to jointly and severally compensate for the shortfall from the committed net profit attributable to certain Round A investor at cash during the years ended December 31, 2020 and 2021, and the year ending December 31, 2022.

(e) Redemption rights

Round A investors have the right to require Mr. Wang Lei or Ophyer Technology to jointly and severally purchase the shares of Ophyer Technology held by Round A investors if the investment agreement is terminated due to the provisions as follows:

- If Ophyer Technology fails to complete the **[REDACTED]** procedures, or be acquired by a **[REDACTED]** company before June 30, 2023 or December 31, 2023, Round A investors can terminate the agreement;

- If Ophyer Technology and/or Mr. Wang Lei violate or fail to fulfill any of their commitments under the agreements, Round A investors may terminate the agreement;

- If any of the information provided by Ophyer Technology and/or Mr. Wang is false or inaccurate in a material aspect or with material omission, Round A investors can terminate the agreement accordingly.

The redemption price for Round A shares with preferred rights shall be the higher of 100% of the issue price plus 8-10% simple annual interest of the issue price commencing from the issue date and the issue price plus the net increase of equity of Ophyer Technology.

(f) Rights of co-sale

When Mr. Wang Lei intends to pledge, sell, transfer or otherwise dispose of all or part of Ophyer Technology's equity held by him, a written approval of transfer with proposed conditions, commercial terms and any related terms should be granted by certain Round A investors. Certain Round A investor has the right to transfer the equity based on the shareholding ratio at the price not lower than the approved transfer price.

(g) Most favourable terms

If Ophyer Technology raises any capital in previous or subsequent financing on terms and conditions which are more favourable than Round A shares, certain Round A investor shall be entitled to such more favourable terms and the terms of its original investment shall be adjusted to reflect such most favourable terms.

Considering the Group has no unconditional right to avoid delivering cash to Round A investors and the conversion feature is a derivative over own equity that will not be settled via delivery of fixed number of shares in exchange for fixed cash, hence the Group designates the entire Round A shares with preferred rights, including the performance compensation rights, as financial liabilities at FVTPL with fair value changes recognized in "fair value changes of financial liabilities designated as at FVTPL" in profit or loss.

Round A+

In December 2020 and January 2021, Ophyer Technology entered into Round A+ share subscription agreements with third-party investors ("**Round A+ investors**"). Ophyer Technology issued 1,960,313 shares at RMB1.00 per share for a total cash proceeds of RMB125 million, representing 17.87% of the ownership of Ophyer Technology on a fully diluted basis. Ophyer Technology received the payment amounting to RMB30,000,000 during the year ended December 31, 2020 and RMB95,000,000 during the year ended December 31, 2021, respectively.

The key terms of Round A+ shares with preferred rights are set as below:

(a) Performance compensation right

Round A+ investors have the right to require Mr. Wang Lei or Ophyer Technology to jointly and severally compensate for the shortfall from the committed net profit attributable to Round A+ investors at cash or shares, including the Ophyer Technology's registered capital transferred from the capital reserve and reserve funds and directional issued to Round A+ investors, if Ophyer Technology fails to fulfill the committed performance during the years ended December 31, 2020 and 2021, and the year ending December 31, 2022.

(b) Liquidation preference

In the event of any liquidation, including the transfer of material assets and the acquisition with change of control of Ophyer Technology, all assets and funds of Ophyer Technology legally available for distribution to the shareholders shall be distributed to the shareholders of Ophyer Technology and Round A+ investors have the right to require Mr. Wang Lei or Ophyer Technology to compensate up to the higher of the 120% of the issue price and the issue price plus 12% simple annual interest of the issue price commencing from the issue date.

(c) Redemption rights

Round A+ investors have the right to require Mr. Wang Lei or Ophyer Technology to jointly and severally purchase the shares of Ophyer Technology held by Round A+ investors if the investment agreement is terminated due to the provisions as follows:

- If Ophyer Technology fails to complete the **[REDACTED]** procedures, or be acquired by a listed company before December 31, 2023, Round A+ investors can terminate the agreement;

- If Ophyer Technology and/or Mr. Wang Lei violate or fail to fulfill any of their commitments under the agreements, Round A+ investors may terminate the agreement;

- If any of the information provided by Ophyer Technology and/or Mr. Wang is false or inaccurate in a material aspect or with material omission, Round A+ investors can terminate the agreement accordingly.

The redemption price for Round A+ shares with preferred rights shall be the higher of the issue price plus 12% simple annual interest of the issue price commencing from the issue date and the net assets of Ophyer Technology at the redemption date attributable to Round A+ shares of, minus all the distributed dividends.

Round A+ investors are also entitled to the preemptive rights, anti-dilution rights, rights of co-sale and the most favorable terms as Round A investors.

Considering the Group has no unconditional right to avoid delivering cash to Round A+ investors and the conversion feature is a derivative over own equity that will not be settled via delivery of fixed number of shares in exchange for fixed cash, hence the Group designates the entire Round A+ shares with preferred rights, including the performance compensation rights, as financial liabilities at FVTPL with fair value change recognized in "fair value changes of financial liabilities designated as at FVTPL" in profit or loss.

Meanwhile, certain Round A investor is automatically entitled to the preferred rights of Round A+ investors under the most favorable terms, including the performance compensation right, liquidation preference and redemption rights, which will be considered afterwards in determining the fair value of corresponding Round A shares held by certain Round A investor.

Round B

In April 2021, certain third-party investors ("**Round B investors**") purchased 260,486 shares from the previous ordinary shareholders and entered into supplement agreements with Ophyer Technology for the preferred rights. Due to the most favorable terms in the supplement agreements, Round B investors were entitled the same preferred rights as Round A+ investors. Therefore, the entitlement of preferred rights for Round B shares results in derecognition of the equity and recognition of financial liability at its fair value amounting to RMB15,719,000 at the acquisition date of Round B shares in April 2021, with the difference of RMB15,348,000 between the previous carrying amount recognized in equity and the fair value of financial liability recognized as an adjustment within equity. The Group also designates Round B shares with preferred rights, including the performance compensation rights, as financial liabilities at FVTPL with fair value changes recognized in "fair value changes of financial liabilities designated as at FVTPL" in profit or loss.

On July 2, 2021, Ophyer Technology entered into supplemental agreements with the investors of the three rounds (the "**Round A**", "**Round A+**" and "**Round B**", respectively) of shares that set out above. According to the supplemental agreements, all the preferred rights of the shares related to the Group were terminated, which resulted in the reclassification of the three rounds of 2,569,299 shares from financial liabilities at FVTPL to equity of Ophyer Technology at the fair value amounting to RMB181,217,000.

Presentation and Classification

The three rounds of shares with preferred rights were valued by the Directors with reference to valuation carried out by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited, which is located at Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing, who is not connected with the Group. Ophyer Technology used the discounted cash flow method and the scenario-based analysis to determine the underlying shares' value of Ophyer Technology and the fair value of the performance compensation rights which is consolidated within financial liabilities at FVTPL and performed an equity allocation based on option-pricing model to arrive at the fair value of the shares with preferred rights as of the dates of issuance and as at December 31, 2020 and July 2, 2021. Key valuation assumptions are set out as below:

	As of December 31, 2020	As of July 2, 2021
Average revenue growth rate	21.03%	21.53%
Risk-free interest rate	2.78%	2.72%
Expected volatility value	63.76%	64.85%
Discount rate	19.00%	19.00%
Discounts for lack of marketability ("**DLOM**")	22.50%	22.50%
Possibilities under liquidation scenario	10.00%	10.00%
Possibilities under redemption scenario	45.00%	45.00%
Possibilities under **[REDACTED]** scenario	45.00%	45.00%

The management of the Group estimated the risk-free interest rate based on the yield of the Chinese treasury bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Discount rate was estimated by weighted average cost of capital as of each valuation date. The DLOM was estimated based on the option-pricing method.

Round C

On September 24, 2021 and October 19, 2021, Ophyer Technology entered into agreements with two third-party investors to issue 203,032 new shares for a total cash consideration of RMB25,000,000. On September 29, 2021, and October 22, 2021, Ophyer Technology received respective cash consideration in full.

These two investors have the right to require Mr. Wang Lei or Ophyer Technology to jointly and severally purchase the shares of Ophyer Technology held by the investors if the investment agreement is terminated due to the provisions as follows:

- If Ophyer Technology fails to complete the **[REDACTED]** procedures, or be acquired by a listed company before December 31, 2023, the investors can terminate the agreement;

- If Ophyer Technology and/or Mr. Wang Lei violate or fail to fulfill any of their commitments under the agreements, the investors may terminate the agreement;

- If any of the information provided by Ophyer Technology and/or Mr. Wang is false or inaccurate in a material aspect or with material omission, the investors can terminate the agreement accordingly.

The redemption price for the shares with preferred rights shall be 100% of the issue price plus 10% simple annual interest of the issue price commencing from the issue date.

As the shares with redemption rights are contingently redeemable when required by the investors under certain provisions, Ophyer Technology does not have an unconditional right to avoid delivering cash to the investors and the redemption price is solely payments of principal and interest, hence the shares with redemption rights do not meet the definition of equity and were initially recognized as other financial liabilities at amortized cost. On December 16, 2021, the Company issued 2,030,320 preferred shares to the two investors at nominal value to reflect their respective interests in Ophyer Technology.

On September 30, 2021 and October 8, 2021, the Company entered into an agreement with another third-party investor (together with the two investors above, "**Round C investors**") to invest an amount equivalent to RMB2,483,000 in HKD or USD for 389,360 shares of the Company. On November 29, 2021, the Company received the cash consideration in full. According to the agreement, the investor has the rights to require the Company for the performance compensation and liquidation preference. In the event of any liquidation, including the transfer of material assets and the acquisition with change of control of the Company, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company and the investor has the right to compensate up to the higher of the 120% of the issue price and the issue price plus 10% simple annual interest of the issue price commencing from the issue date. As the Company does not have an unconditional right to avoid delivering cash to the investor and the conversion feature is a derivative over own equity that will not be settled via delivery of fixed number of shares in exchange for fixed cash, hence the preferred shares do not meet the definition of equity and are initially designated as financial liabilities at FVTPL, including the performance compensation rights.

All the preferred shares were automatically converted into the Company's ordinary shares before the Company's application for the **[REDACTED]** on December 28, 2021, which resulted in the reclassification of the Round C investors' preferred shares. Other financial liabilities with the carrying amount of RMB25,515,000 and financial liabilities at FVTPL with the fair value amounting to RMB4,414,000 were reclassified to equity of the Company.

27. LEASE LIABILITIES

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current	—	167	2,744	1,969
Current	504	689	3,019	3,696
	504	856	5,763	5,665

Maturity analysis

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	521	718	3,284	3,916
Within a period of more than one year but not exceeding two years	—	182	2,823	2,008
	521	900	6,107	5,924
Less: future finance charges	(17)	(44)	(344)	(259)
	504	856	5,763	5,665

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	%	%	%	%
Incremental borrowing rates	6.87	6.74	5.75	5.75

28. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings is as follows:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings payable within one year:				
Secured	10,000	25,000	9,300	20,000
Unsecured	7,000	13,667	13,000	19,500
	17,000	38,667	22,300	39,500

The carrying amount of the bank borrowings and the range of interest rates are as below:

	As at December 31,						As at March 31,	
	2019		2020		2021		2022	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Fixed rate bank borrowings	7,000	5.66-5.94	28,667	3.85-12.24	22,300	4.69-6.50	29,500	3.85-5.1
Floating rate bank borrowing	10,000	6.50	10,000	4.50	—	N/A	10,000	5.40
	17,000		38,667		22,300		39,500	

As at December 31, 2019, 2020 and 2021 and March 31, 2022, the bank borrowings amounting to RMB10,000,000, RMB25,000,000, RMB9,300,000 and RMB20,000,000 were pledged by trade receivables of the Group. The gross carrying amounts of these related trade receivables were RMB1,447,000, RMB13,469,000, RMB35,191,000 and RMB40,737,000, respectively.

The guarantee information of the bank borrowings is as below:

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed by:				
Third-party financial guarantee companies	12,000	23,000	6,000	1,500
Mr. Wang Lei	—	5,667	—	—
Mr. Wang Lei and Ms. Zhang Zimo (the wife of Mr. Wang Lei)	5,000	5,000	—	—
Mr. Wang Lei and third-party financial guarantee companies	—	5,000	—	—
	17,000	38,667	6,000	1,500

The bank borrowings guaranteed by third-party financial guarantee companies amounting to RMB12,000,000, RMB13,000,000, and RMB6,000,000 as at December 31, 2019, 2020 and 2021 were counter guaranteed jointly by Mr. Wang Lei and Ms. Zhang Zimo. The bank borrowings guaranteed by third-party financial guarantee companies amounting to RMB10,000,000 as at December 31, 2020 were counter guaranteed by Mr. Wang Lei. The counter guarantees by Mr. Wang Lei and Ms. Zhang Zimo have been released during the three months ended March 31, 2022.

29. CONTRACT LIABILITIES

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
AR/VR marketing service business	2,358	29,148	349	—
AR/VR content business	16,661	10,571	8,959	16,279
Sales of IPs	—	4,717	—	—
AR/VR SaaS service	—	—	11,783	8,019
	19,019	44,436	21,091	24,298

Contract liabilities are expected to be settled within the Group's normal operating cycle and are classified as current.

During the years ended December 31, 2020 and 2021 and the three months ended March 31, 2022, the Group recognized revenue amounting to RMB19,019,000, RMB26,511,000 and RMB7,830,000, respectively, which relate to the contract liabilities balance at the beginning of the year.

There was no revenue recognized during the Track Record Period that related to performance obligations that were satisfied in prior years.

30. PAID-IN CAPITAL/SHARE CAPITAL

Combined capital of the Group

For the purpose of presentation of the consolidated statements of financial position before the completion of the Reorganization, the balances of share capital of the Group as at December 31, 2019 and 2020 represented the paid-in capital of Ophyer Technology.

Share capital of the Company

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		USD	*RMB*
Authorised:			
At June 24, 2021 (date of incorporation), December 31, 2021 and March 31, 2022	5,000,000,000	50,000	318,785
Issued:			
At June 24, 2021 (date of incorporation)	100,000	1	6
Issue of ordinary shares	116,017,810	1,160	7,404
At December 31, 2021 and March 31, 2022	116,117,810	1,161	7,410

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 24, 2021. The initial authorized share capital of the Company was USD50,000 divided into 5,000,000,000 shares with a par value of USD0.00001 each. Upon incorporation, one ordinary share was issued and allotted to an initial subscriber, who subsequently transferred such share to Wanglei Co., Ltd. at the subscription price of US$0.00001 on the same date. The Company issued a total of additional 99,999 ordinary shares to Wanglei Co., Ltd. at the subscription price of US$0.99999 on the same day.

On November 22, 2021 and December 16, 2021, 116,017,810 ordinary shares for a total consideration of USD1,160 equivalent to RMB7,404 were issued by the Company and allotted to the shareholders of Ophyer Technology or the holding entities wholly-owned or designated by such shareholders (as the case may be) to reflect their respective equity interest in Ophyer Technology and the Company before the completion of the Group Reorganization. The shares are issued but not fully paid as at March 31, 2022 and have been fully paid prior to the **[REDACTED]**.

31. RESERVES

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

The principal reserves of the Group consist of the following:

Capital reserve

Capital reserve at December 31, 2019 and 2020 represented capital reserve of Ophyer Technology.

The change of capital reserve during the year ended December 31, 2021 are mainly due to the termination of the preferred rights of shares as disclosed in Note 26.

Other reserve

Other reserve at December 31, 2021 and March 31, 2022 represented the difference between the equity and the fair value of financial liabilities in relation to the modification of the Round B shares, the termination of preferred rights of shares and conversion of preferred shares related to the Group which are set out in Note 26, and the transfer of reserves upon completion of the Reorganization as disclosed in Note 2.

Statutory reserve

Pursuant to the relevant PRC rules and regulations, Ophyer Technology, which is incorporated in the PRC, is required to transfer no less than 10% of its profits after taxation, after offsetting any prior years' loss as determined under the Chinese Company Law, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders of Ophyer Technology.

Reserves of the Company

	Capital reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At June 24, 2021 (date of incorporation)	—	—	—	—
Loss and total comprehensive expense from the date of incorporation to December 31, 2021	—	—	(14,225)	(14,225)
Termination of preferred rights of the shares related to the Group *(Note 26)*	27,480	2,448	—	29,928
At December 31, 2021	27,480	2,448	(14,225)	15,703
Loss and total comprehensive expense for the period	—	—	(2,082)	(2,082)
At March 31, 2022	27,480	2,448	(16,307)	13,621

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes financial liabilities at FVTPL, lease liabilities and bank borrowings disclosed in Notes 26, 27, and 28 respectively, net of bank balances and cash, and total equity of the Group, comprising paid-in capital, share capital, retained earnings and reserves as disclosed in Notes 30 and 31 respectively.

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

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortized cost	125,901	244,205	376,763	397,053

	As at December 31,			As at March 31,
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities at amortized cost	62,386	85,864	72,908	101,487
Financial liabilities at FVTPL	—	48,357	—	—

The Company

	As at December 31,	As at March 31,
	2021	2022
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortized cost	2,482	2,392

	As at December 31,	As at March 31,
	2021	2022
	RMB'000	*RMB'000*
Financial liabilities		
Financial liabilities at amortized cost	16,364	20,815

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, such as market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors.

The Group's financial instruments consisted of trade and other receivables and deposits, loan receivables, bank balances and cash, trade and other payables, bank borrowings and financial liabilities at FVTPL. The Company's financial instruments consisted of amounts due from shareholders, bank balances and cash, and amounts due to subsidiaries. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

The Group's activities expose it primarily to the financial risks of interest rates and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the reporting period.

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables, fixed-rate bank borrowings, lease liabilities and financial liabilities at FVTPL. The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings carried at prevailing market interest rates based on or by reference to Loan Prime Rate.

The Group and the Company currently do not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at variable rate at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. The bank balances are excluded from the sensitivity analysis as the management considers that the interest rate fluctuating is insignificant.

If variable rate bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year/period would decrease/increase by approximately RMB43,000, RMB42,000, RMB Nil and RMB9,000 for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022.

Currency risk

The Group and the Company have USD and HKD bank balances which expose the Group and the Company to foreign currency risk.

Sensitivity analysis

The management of the Group and the Company considers that any reasonably possible change in the RMB against the USD and HKD will not cause significant change to the fair value of the financial assets.

Other price risk

The Group is exposed to price risk in respect of its shares with preferred rights and preferred shares measured as financial liabilities at FVTPL, fair value of which are affected by changes in the Group's equity value, the sensitivity analysis of which has been disclosed in the section headed "Fair value measurement of financial instruments" in Note 33.

(ii) Credit risk and impairment assessment

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company is due to failure to discharge an obligation by the counterparties. The Group's credit risk is mainly associated with bank balances, trade and other receivables and deposits, and loan receivables. The Company's credit risk is mainly associated with bank balances, and amounts due from shareholders.

The Group mainly conducted transactions with customers with good quality and long term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimize the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from receivable balances, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group has concentration of credit risk as 11.8%, 9.8%, 16.2% and 16.5% of the total trade receivables were due from the Group's largest debtor as of December 31, 2019, 2020 and 2021 and March 31, 2022, 47.8%, 29.4%, 43.9% and 38.4% of the total trade receivables were due from the Group's five largest debtors as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively.

Trade receivables arising from contracts with customers

The Group reassesses lifetime ECL for trade receivables arising from contracts with customers to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring. The ECL on these assets are individually assessed for debtors with significant increases in credit risk or credit-impaired and collectively assessed based on internal credit ratings for the remaining balance. As part of the Group's credit risk management, the Group uses internal credit ratings to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by management to ensure relevant information about specific debtors is updated.

Loan receivables and other receivables and deposits

Before granting the loan receivables, the management of the Group has obtained an understanding of the credit background of the debtors and undertaken an internal credit approval process. The management of the Group has taken into account the economic outlook of the industries in which the debtors operate and reviewed the recoverable amount of each loan receivable at the end of the reporting period to ensure that adequate impairment loss was recognized for irrecoverable debts.

For all other instruments including other receivables and deposits, and loan receivables, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL.

Bank balances

The Group and the Company mainly transact with banks with high credit ratings. The credit risk for bank balances as at December 31, 2019, 2020 and 2021 and March 31, 2022 was considered as immaterial as such amounts were placed in reputable banks. The Group and the Company assessed 12m ECL on these balances by reference to probability of default and loss given default and concluded that the expected credit losses were insignificant as at December 31, 2019, 2020 and 2021 and March 31, 2022 and thus no impairment loss was recognized.

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

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December 31, 2019	Notes	External rating credit	Internal rating credit	12m or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Financial assets at amortised costs						
Trade receivables — goods and services. .	*21*	N/A	*(Note a)*	Lifetime ECL (not credit impaired and assessed collectively)	2.0%	83,033
				Lifetime ECL (not credit impaired and assessed individually)	20.0%	19,191
Loan receivables. . . .	*20*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	1.4%	17,511
Other receivables and deposits.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	21.9%	269
				Lifetime ECL (credit impaired and assessed individually)	100.0%	519
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	11,705

December 31, 2020	Notes	External rating credit	Internal rating credit	12m or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Financial assets at amortised costs						
Trade receivables — goods and services. .	*21*	N/A	*(Note a)*	Lifetime ECL (not credit impaired and assessed collectively)	2.5%	135,990
				Lifetime ECL (not credit impaired and assessed individually)	20.0%	4,606
				Lifetime ECL (credit impaired and assessed individually)	50.0%	7,023
Other receivables and deposits.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	12.0%	492
				Lifetime ECL (credit impaired and assessed individually)	100.0%	519
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	104,017

December 31, 2021	Notes	External rating credit	Internal rating credit	12m or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Financial assets at amortised costs						
Trade receivables — goods and services. .	*21*	N/A	*(Note a)*	Lifetime ECL (not credit impaired and assessed collectively)	1.6%	150,167
				Lifetime ECL (not credit impaired and assessed individually)	20.0%	17,589
				Lifetime ECL (credit impaired and assessed individually)	100.0%	1,100
Other receivables and deposits.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	8.7%	687
				Lifetime ECL (credit impaired and assessed individually)	100.0%	519
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	214,279

March 31, 2022	Notes	External rating credit	Internal rating credit	12m or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Financial assets at amortised costs						
Trade receivables — goods and services. .	*21*	N/A	*(Note a)*	Lifetime ECL (not credit impaired and assessed collectively)	2.4%	188,480
				Lifetime ECL (not credit impaired and assessed individually)	20.0%	11,699
				Lifetime ECL (credit impaired and assessed individually)	55.3%	10,344
Other receivables and deposits.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	6.6%	899
				Lifetime ECL (credit impaired and assessed individually)	100.0%	519
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	198,315

The Company

December 31, 2021	Notes	External rating credit	Internal rating credit	12m ECL or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Amounts due from shareholders.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	—	7
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	2,475

March 31, 2022	Notes	External rating credit	Internal rating credit	12m ECL or lifetime ECL	Average loss rate	Gross carrying amount
						RMB'000
Amounts due from shareholders.	*21*	N/A	*(Note b)*	12m ECL (not credit impaired and assessed individually)	—	7
Bank balances.	*24*	AAA	—	12m ECL (not credit impaired and assessed individually)	—	2,385

Notes:

a. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for receivables for debtors with significant increases in credit risk or credit-impaired, the Group determines the expected credit losses on these items grouped by internal credit ratings.

The Group's internal credit risk grading assessment for trade receivables comprises the following categories:

- Low risk (Lifetime ECL — not credit impaired): The counterparty has a low risk of default and does not have material past-due amounts.

- Watch list (Lifetime ECL — not credit impaired): Debtors repays after due dates but usually settle in full without negative external information.

- Doubtful (Lifetime ECL — not credit impaired): There have been significant increases in credit risk since initial recognition through information developed internally or external resources.

- Credit impaired (Lifetime ECL — credit impaired): There is evidence indicating the asset is credit impaired.

- Write-off (Amount is written off): There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

b. For loan receivables, other receivables, and bank balances, except for balances which are credit-impaired, the Group and the Company have applied the 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL.

The following table provides information about the exposure to credit risk for trade receivables which are assessed collectively based on internal credit ratings as at December 31, 2019, 2020 and 2021 and March 31, 2022 within lifetime ECL.

	At December 31, 2019		
	Average loss rate	**Gross carrying amount**	**Impairment loss allowance**
		RMB'000	*RMB'000*
Trade receivables			
Low risk	1.28%	63,697	817
Watch list	4.38%	19,336	847
		83,033	1,664

	At December 31, 2020		
	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	*RMB'000*
Trade receivables			
Low risk	1.15%	85,042	981
Watch list	4.81%	50,948	2,451
		135,990	3,432

	At December 31, 2021		
	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	*RMB'000*
Trade receivables			
Low risk	1.20%	138,433	1,657
Watch list	6.18%	11,734	725
		150,167	2,382

	At March 31, 2022		
	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	*RMB'000*
Trade receivables			
Low risk	1.20%	142,198	1,702
Watch list	6.18%	46,282	2,861
		188,480	4,563

In addition, debtors not credit impaired with gross carrying amount of RMB19,191,000, RMB4,606,000, RMB17,589,000 and RMB11,699,000 as at December 31, 2019, 2020 and 2021 and March 31, 2022, respectively, were assessed individually. The impairment allowance of RMB3,838,000, RMB921,000, RMB3,518,000 and RMB2,340,000 were made on these debtors as at December 31, 2019, 2020 and 2021 and March 31, 2022, respectively.

Debtors credit impaired with gross carrying amount of RMB Nil, RMB7,023,000, RMB1,100,000 and RMB10,344,000 as at December 31, 2019, 2020 and 2021 and March 31, 2022 were assessed individually. The impairment allowance of RMB Nil, RMB3,511,000, RMB1,100,000 and RMB5,722,000 were made on these debtors as at December 31, 2019, 2020 and 2021 and March 31, 2022, respectively.

The following table shows the movements in lifetime ECL that have been recognized for trade receivables under the simplified approach.

	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2019	2,921	7	2,928
Changes due to financial instruments recognized as at January 1, 2019:			
— Impairment losses reversed	(1,878)	(7)	(1,885)
— Impairment losses recognized	3,144	—	3,144
New financial assets originated	1,315	—	1,315
As at December 31, 2019	5,502	—	5,502
Changes due to financial instruments recognized as at January 1, 2020:			
— Impairment losses reversed	(4,993)	—	(4,993)
— Impairment losses recognized	1,278	3,511	4,789
New financial assets originated	2,566	—	2,566
As at December 31, 2020	4,353	3,511	7,864
Changes due to financial instruments recognized as at January 1, 2021:			
— Impairment losses reversed	(3,424)	(2,961)	(6,385)
— Impairment losses recognized	817	550	1,367
New financial assets originated	4,154	—	4,154
As at December 31, 2021	5,900	1,100	7,000
Changes due to financial instruments recognized as at January 1, 2022:			
— Transfer to credit-impaired	(1,849)	1,849	—
— Impairment losses reversed	(936)	—	(936)
— Impairment losses recognized	3,069	2,773	5,842
New financial assets originated	719	—	719
As at March 31, 2022	6,903	5,722	12,625
Unaudited			
As at December 31, 2020	4,353	3,511	7,864
Changes due to financial instruments recognized as at January 1, 2021:			
— Impairment losses reversed	(1,523)	—	(1,523)
— Impairment losses recognized	3,029	601	3,630
New financial assets originated	609	—	609
As at March 31, 2021	6,468	4,112	10,580

The following table shows the reconciliation of loss allowance that has been recognized for loan receivables and other receivables and deposits.

	12m ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2019	3	—	—	3
Changes due to financial instruments recognized as at January 1, 2019:				
— Impairment losses recognized	2	—	519	521
New financial assets originated	301	—	—	301
As at December 31, 2019	306	—	519	825
Changes due to financial instruments recognized as at January 1, 2020:				
— Impairment losses reversed	(247)	—	—	(247)
As at December 31, 2020 and 2021, March 31, 2021 (unaudited) and 2022	59	—	519	578

(iii) Liquidity risk management

In the management of liquidity risk, the Group's and the Company's management monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on the interest rate outstanding at the end of each of the reporting periods.

THE GROUP

	Weighted average interest rate	On demand/less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2019						
Financial liabilities						
Bank borrowings	5.66–6.50	17,197	—	—	17,197	17,000
Trade and other payables	N/A	45,386	—	—	45,386	45,386
		62,583	—	—	62,583	62,386
Lease liabilities	6.87	521	—	—	521	504
At December 31, 2020						
Financial liabilities						
Bank borrowings	3.85–12.24	38,856	—	—	38,856	38,667
Trade and other payables	N/A	47,197	—	—	47,197	47,197
Financial liabilities at FVTPL	8–12	51,035	—	—	51,035	48,357
		137,088	—	—	137,088	134,221
Lease liabilities	6.74	718	182	—	900	856
At December 31, 2021						
Financial liabilities						
Bank borrowings	4.69–6.50	23,504	—	—	23,504	22,300
Trade and other payables	N/A	50,608	—	—	50,608	50,608
		74,112	—	—	74,112	72,908
Lease liabilities	5.75	3,284	2,823	—	6,107	5,763
At March 31, 2022						
Financial liabilities						
Bank borrowings	3.85–5.40	41,491	—	—	41,491	39,500
Trade and other payables	N/A	61,987	—	—	61,987	61,987
		103,478	—	—	103,478	101,487
Lease liabilities	5.75	3,916	2,008	—	5,924	5,665

THE COMPANY

	Weighted average interest rate	On demand/less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2021						
Financial liabilities						
Amounts due to subsidiaries	N/A	16,364	—	—	16,364	16,364

	Weighted average interest rate	On demand/less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At March 31, 2022						
Financial liabilities						
Amounts due to subsidiaries	N/A	20,815	—	—	20,815	20,815

Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement. The Group's shares with preferred rights and preferred shares are measured at fair value during the Track Record Period and categorized into Level 3 due to the unobservable significant inputs for the fair value measurements, and the determination of the fair value of which (in particular, the valuation techniques and inputs used) is set out in Note 26.

Fair value of the shares with preferred rights and preferred shares are significantly affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 5% with all other variables held constant, the post-tax profit for the year ended December 31, 2020 and 2021 would have been approximately RMB6,418,000 and RMB6,428,000 lower/higher, respectively.

For liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting end. During the Track Record Period, there were no transfers among different levels of fair values measurement.

Reconciliation of Level 3 fair value measurements:

	Shares with preferred rights and preferred shares
	RMB'000
At January 1, 2020	—
Additions	47,000
Changes in fair value	1,357
At December 31, 2020	48,357
Additions	100,480
Reclassified from equity to financial liabilities at FVTPL	15,719
Changes in fair value	21,075
Termination of preferred rights of the shares and conversion of preferred shares *(Note 26)*	(185,631)
At December 31, 2021 and March 31, 2022	—

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values.

34. RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC Government. The Group is required to contribute a specific percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated statements of profit or loss and other comprehensive income of approximately RMB1,019,000, RMB84,000, RMB2,938,000, RMB588,000 (unaudited) and RMB799,000 for the years ended December 31, 2019, 2020 and 2021, and the three months ended March 31, 2021 and 2022, respectively, represented contributions paid and/or payable to the scheme by the Group for the reporting periods.

35. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, the Group entered into transactions with following related parties:

Name of the related parties	Relationship with the Company
Mr. Wang Lei	A Controlling shareholder, an executive Director, the chairman of the Board and the chief executive officer of the Company
Ms. Zhang Zimo	The wife of Mr. Wang Lei

(a) Guarantees to bank borrowings by related parties

Details of guarantees to bank borrowings by related parties are set out in Note 28.

(b) Advances from a related party

During the year ended December 31, 2020, Mr. Wang Lei made cash advances to the Group amounting to RMB9,300,000, which were interest-free, unsecured, repayable on demand and fully repaid by the Group before December 31, 2020. The maximum amount outstanding during the year ended December 31, 2020 in respect of these advances were RMB4,800,000.

(c) Compensation of key management personnel

	Year ended December 31,			Three months ended March 31,	
	2019	2020	2021	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other benefits.	1,443	1,917	2,874	640	756
Contributions to retirement benefits scheme	264	23	379	78	105
Discretionary bonus.	629	901	1,330	304	354
	2,336	2,841	4,583	1,022	1,215

(d) Balances with related parties

	As at December 31, 2021 and March 31, 2022
	RMB'000
Amounts due from shareholders	7

The amounts due from shareholders of RMB7,000 as of December 31, 2021 and March 31, 2022 were unsecured, interest-free, repayable on demand, non-trade in nature and have been settled prior to the **[REDACTED]**. The maximum amount outstanding during the year ended December 31, 2021 and the three months ended March 31, 2022 in respect of this balance was RMB7,000.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Lease liabilities	Financial liabilities at FVTPL	Other financial liabilities	Accrued share issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	9,000	1,463	—	—	—	10,463
Financing cash flows	7,028	(1,043)	—	—	—	5,985
Finance costs	972	84	—	—	—	1,056
At December 31, 2019	17,000	504	—	—	—	17,504
Increase of lease liabilities	—	1,185	—	—	—	1,185
Financing cash flows	19,781	(867)	47,000	—	—	65,914
Finance costs	1,886	34	—	—	—	1,920
Fair value changes on financial liabilities designated as at FVTPL	—	—	1,357	—	—	1,357
At December 31, 2020	38,667	856	48,357	—	—	87,880
Increase of lease liabilities	—	8,279	—	—	—	8,279
Accrued share issue costs	—	—	—	—	3,645	3,645
Financing cash flows	(17,916)	(3,665)	100,480	25,000	(1,219)	102,680
Finance costs	1,549	293	—	515	—	2,357
Fair value changes on financial liabilities designated as at FVTPL	—	—	21,075	—	—	21,075
Reclassified from equity to financial liabilities at FVTPL	—	—	15,719	—	—	15,719
Reclassified from financial liabilities to equity	—	—	(185,631)	(25,515)	—	(211,146)
At December 31, 2021	22,300	5,763	—	—	2,426	30,489
Accrued share issue costs	—	—	—	—	1,201	1,201
Financing cash flows	16,731	(181)	—	—	(3,417)	13,133
Finance costs	469	83	—	—	—	552
At March 31, 2022	39,500	5,665	—	—	210	45,375
Unaudited						
At December 31, 2020	38,667	856	48,357	—	—	87,880
Financing cash flows	(1,356)	(173)	23,000	—	—	21,471
Finance costs	489	14	—	—	—	503
Fair value changes on financial liabilities designated as at FVTPL	—	—	8,700	—	—	8,700
At March 31, 2021	37,800	697	80,057	—	—	118,554

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

At the date of this report, the Company has direct and indirect interests in the following subsidiaries, particulars of which are set out below:

				Proportion of interest and voting power held by the Group					
				As at December 31,			As at March 31,		
Name of subsidiaries	Legal form	Place and date of establishment/ incorporation and operation	Issued capital/paid up registered capital	2019	2020	2021	2022	At the date of this report	Principal activities
				%	%	%	%	%	
Directly held:									
FTYD Ltd.	Limited liability company	BVI July 19, 2021	USD100	N/A	N/A	100%	100%	[100%]	Investment holding
Indirectly held:									
Flowing Cloud Technology (HK) Limited	Limited liability company	Hong Kong August 10, 2021	HKD10,000	N/A	N/A	100%	100%	[100%]	Investment holding
北京飛天雲動科技有限公司 Beijing Flowing Cloud Technology Co., Ltd.(i)	Wholly-foreign owned enterprise	PRC November 17, 2021	RMB50,000,000	N/A	N/A	100%	100%	[100%]	Investment holding
北京飛天雲動數字技術有限公司 Beijing Flowing Cloud Digital Technology Co., Ltd.(i)	Limited liability company	PRC August 18, 2022	RMB50,000,000	N/A	N/A	N/A	N/A	[100%]	Not yet commence business
Consolidated Affiliated Entities:									
北京掌中飛天科技股份有限公司 Beijing Ophyer Technology Shares Co., Ltd (formerly known as 北京恒創兆業科技有限公司 (Beijing Hengchuang Zhaoye Technology Co., Ltd) and 北京掌中飛天科技有限公司 (Beijing Ophyer Technology Co., Ltd))(i)	Joint stock limited liability company	PRC March 19, 2008	RMB11,572,845	100%	100%	100%	100%	[100%]	AR/VR marketing services, AR/VR content, AR/VR SaaS, IP and others
北京琥珀金源傳媒有限公司 Beijing Hupo Jinyuan Media Co., Ltd(i)	Limited liability company	PRC March 29, 2011	RMB10,000,000	100%	100%	100%	100%	[100%]	Promotion services
霍爾果斯石心網絡科技有限公司 Horgos Core Network Technology Co., Ltd(i) (ii)	Limited liability company	PRC February 9, 2017	RMB10,000,000	100%	100%	N/A	N/A	[N/A]	Online game products and the relevant services

				Proportion of interest and voting power held by the Group					
		Place and date of establishment/ incorporation and operation		As at December 31,			As at March 31,		
Name of subsidiaries	Legal form		Issued capital/paid up registered capital	2019	2020	2021	2022	At the date of this report	Principal activities
				%	%	%	%	%	
南陽掌中飛天科技有限公司 Nanyang Ophyer Technology Co., Ltd(i) (ii)	Limited liability company	PRC September 29, 2017	RMB1,000,000	100%	100%	N/A	N/A	[N/A]	AR/VR content, product research and development
中潤星(北京)文化傳媒有限公司 Zhongrunxing (Beijing) Culture Media Co., Ltd(i)	Limited liability company	PRC November 13, 2017	RMB3,000,000	100%	100%	100%	100%	[100%]	Promotion services
喀什繁星信息科技有限公司 Kashi Fanxing Information Technology Co., Ltd(i) (ii)	Limited liability company	PRC May 9, 2018	RMB1,000,000	100%	100%	N/A	N/A	[N/A]	Not yet commence business
上海橙享星視信息科技有限公司 Shanghai Chengxiang Xingshi Information Technology Co., Ltd(i) (ii)	Limited liability company	PRC February 14, 2020	RMB1,000,000	N/A	70%	N/A	N/A	[N/A]	Not yet commence business
北京星矢互動傳媒科技有限公司 Beijing Xingshi Hudong Media Technology Co., Ltd(i)	Limited liability company	PRC April 10, 2020	RMB10,000,000	N/A	70%	70%	70%	[70%]	Text message services
合肥星橙智享科技有限公司 Hefei Xingcheng Zhixiang Technology Co., Ltd(i) (ii)	Limited liability company	PRC April 20, 2020	RMB1,000,000	N/A	100%	N/A	N/A	[N/A]	Not yet commence business
深圳市華創雲景科技有限公司 Shenzhen Huachuang Yunjing Technology Co., Ltd(i)	Limited liability company	PRC January 12, 2021	RMB40,000,000	N/A	N/A	100%	100%	[100%]	Not yet commence business

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

Ophyer Technology, a joint stock limited liability company, was listed on the National Equities Exchange and Quotations ("**NEEQ**") in the PRC from July 14, 2017 to August 27, 2019.

No audited financial statements of other subsidiaries of the Company have been prepared since there are no statutory audit requirements in those jurisdiction during the Track Record Period.

None of the subsidiaries had issued any debt securities at the end of each reporting periods, except for the financial liabilities at FVTPL, and bank borrowings as disclosed in Note 26 and Note 28, respectively.

(ii) Shanghai Chengxiang Xingshi Information Technology Co., Ltd. completed deregistration on July 29, 2021.

Kashi Fanxing Information Technology Co., Ltd. completed deregistration on August 9, 2021.

Horgos Core Network Technology Co., Ltd. completed deregistration on September 16, 2021.

Nanyang Ophyer Technology Co., Ltd. completed deregistration on October 29, 2021.

Hefei Xingcheng Zhixiang Technology Co., Ltd. completed deregistration on December 21, 2021.

38. EVENT AFTER THE REPORTING PERIOD

The total of 1,422,382,190 ordinary shares will be allotted and issued to shareholders of the Company on the register of members of the Company at the close of business on the date immediately preceding the date on which the **[REDACTED]** becomes unconditional in proportion to their respective shareholdings in the Company. The credit of the share premium of the Company on the share premium account of the Company will be credited as fully paid as a result of the **[REDACTED]** under the **[REDACTED]**, details of which are set out in Appendix IV to the Document.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the subsidiaries have been prepared in respect of any period subsequent to March 31, 2022.