索信达控股有限公司
SUOXINDA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 3680

ANNUAL REPORT 2022

CONTENTS

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS	Mr. Wu Xiaohua Mr. Shi Banchao *(appointed on 4 November 2022)*
NON-EXECUTIVE DIRECTORS	Dr. Wu Fu-Shea *(Chairman of the Board)* *(redesignated from executive Director to non-executive Director and appointed as the Chairman of the Board on 4 November 2022)* Mr. Chen Zhenping *(appointed as executive Director on 1 March 2022, and redesignated from executive Director to non-executive Director on 4 November 2022)* Ms. Zhao Yue *(appointed on 4 November 2022)*
INDEPENDENT NON-EXECUTIVE DIRECTORS	Dr. Chen Wei *(appointed on 28 March 2022)* Mr. Yang Haifeng *(appointed on 26 August 2022)* Ms. Dan Xi *(appointed on 6 January 2023)*
CHIEF EXECUTIVE OFFICER	Mr. Shi Banchao *(appointed on 4 November 2022)*
COMPANY SECRETARY	Ms. Yang Juan *(ACG, HKACG)* *(appointed on 26 August 2022)*
AUTHORIZED REPRESENTATIVES	Ms. Yang Juan *(appointed on 26 August 2022)* Mr. Shi Banchao *(appointed on 20 January 2023)* *(Mr. Lam Chun Hung Stanley (appointed on 20 January 2023) as his alternate)*
AUDIT COMMITTEE	Mr. Yang Haifeng *(Committee Chairman) (appointed as a member on 26 August 2022 and redesignated as the Committee chairman on 6 January 2023)* Dr. Chen Wei *(appointed on 28 March 2022)* Ms. Dan Xi *(appointed on 6 January 2023)*
REMUNERATION COMMITTEE	Mr. Yang Haifeng *(Committee Chairman)* *(appointed on 26 August 2022)* Dr. Chen Wei *(appointed as the Committee Chairman on 28 March 2022 and resigned as the Committee Chairman on 26 August 2022, and appointed as a member on 6 January 2023)* Ms. Dan Xi *(appointed on 6 January 2023)*

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NOMINATION COMMITTEE	Dr. Chen Wei *(Committee Chairman)* *(appointed as a member on 28 March 2022 and appointed as the Committee Chairman on 26 August 2022)* Mr. Chen Zhenping *(appointed on 28 March 2022)* Mr. Yang Haifeng *(appointed on 26 August 2022)*
INDEPENDENT AUDITOR	**ZHONGHUI ANDA CPA Limited** Certified Public Accountants 23/F, Tower 2 Enterprise Square Five 38 Wang Chiu Road Kowloon Bay Hong Kong
HONG KONG LEGAL ADVISOR	**Eversheds Sutherland** 37/F, One Taikoo Place, Taikoo Place 979 King's Road, Quarry Bay Hong Kong
REGISTERED OFFICE	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
PRINCIPAL PLACE OF BUSINESS IN THE PRC	Room 4101, 41st Floor, Building 2 Euro-American Financial City Cangqian Street, Yuhang District Hangzhou City Zhejiang Province People's Republic of China
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
PRINCIPAL BANKS	**China Construction Bank** **Shenzhen Jinsha Branch** Shop 137, 1st Floor KK ONE Mall Jingji Binhe Times Square No. 9289 Binhe Avenue Futian District, Shenzhen People's Republic of China
	China Merchants Bank **Shenzhen Weisheng Building Branch** 1st Floor, Weisheng Technology Building No. 9966 Shennan Road Nanshan District, Shenzhen People's Republic of China
WEBSITE	www.datamargin.com
STOCK CODE	3680

Financial Highlights

Revenue for the year ended 31 December 2022 (the "**Reporting Period**") of Suoxinda Holdings Limited (the "**Company**" or "**our Company**") together with its subsidiaries (collectively, the "**Group**" or "**our Group**") amounted to approximately RMB377,126,000, representing a decrease of approximately 5.1% or approximately RMB20,246,000 as compared with 2021. The decrease in revenue was mainly due to (1) our Company's proactive optimisation of the business structure to reduce the investment and sales efforts in hardware and software sales and related services as an integrated service, IT maintenance and support services, and focus on the steady growth and high quality development of the core data solutions business, resulting in a decrease of approximately 16.0% or approximately RMB14,869,000 in revenue from the sales of hardware and software and related services as an integrated service; a decrease of approximately 32.5% or approximately RMB15,225,000 in revenue from the IT maintenance and support services; and (2) a slower growth of our Group's data solutions business than expected due to the impact of the COVID-19 pandemic, with an increase of approximately 3.8% or RMB9,848,000 in the relevant revenue as compared with 2021.

Gross profit for the Reporting Period amounted to approximately RMB89,339,000, representing a decrease of approximately 30.9% as compared with 2021. The decrease in gross profit was mainly due to (1) the continuous impact of the COVID-19 pandemic and the strict containment measures implemented in the Mainland China, which prevented our Group's delivery team from timely accessing customers' project sites to complete the work, resulting in longer project completion cycle, thus increasing the operating costs; and (2) the decrease in revenue during the Reporting Period.

Gross profit margin for the Reporting Period was approximately 23.7%, representing a decrease of approximately 8.8% as compared with 2021 (2021: 32.5%). The decrease in gross profit margin was mainly due to: (1) lower gross profit of orders from our Group's new strategic customers; (2) lower revenue from the sales of hardware and software and related services as an integrated service which carries higher gross profit; and (3) longer testing and delivery cycle for data analysis solutions projects as impacted by the COVID-19 pandemic.

Net loss for the Reporting Period amounted to approximately RMB124,022,000 (2021: net loss of RMB75,987,000). The loss for the Reporting Period was mainly due to:

1) the impact of the COVID-19 pandemic and the strict containment measures implemented in the Mainland China, which prevented our Group's delivery team from timely accessing customers' project sites to complete the work, resulting in longer project completion cycle, thereby increasing the operating costs by approximately RMB19,611,000;

2) the expenses related to share-based payments of approximately RMB20,536,000 (2021: RMB5,772,000) arising from the grant of share options and awarded shares during 2022 by our Group in order to attract and retain outstanding talents;

3) depreciation and amortisation of property and equipment, intangible assets and right-of-use assets of approximately RMB39,645,000 (2021: RMB27,934,000), among which, the amortisation of self-developed products increased by approximately RMB5,241,000;

4) provision for impairment of financial and contract assets of our Group of approximately RMB24,397,000 based on prudent consideration;

5) impairment of property and equipment, intangible assets and right-of-use assets of approximately RMB24,000,000 due to business strategy adjustment; and

6) due to the streamlining and optimisation of office space, our Company relocated three main offices. The amortisation of the renovation expense of the original office was included in the expenses for the Reporting Period in advance in a lump sum, resulting in a decrease in other gain of approximately RMB4,666,000.

Basic and diluted loss per share for the Reporting Period was RMB30.9 cents (2021: loss of RMB19.0 cents per share).

Milestones in 2022

In January 2022, Shenzhen Suoxinda Data Technology Co., Ltd.* (深圳索信達數據技術有限公司) ("**Suoxinda Shenzhen**"), an indirect wholly-owned subsidiary of our Company, was approved to set up Postdoctoral Innovation Practice Base to conduct in-depth research and promote the transformation of achievements in key areas such as natural language processing, in-depth learning, and interpretable machine learning, so as to realise a two-way drive for talents and enterprises by taking the Postdoctoral Innovation Practice Base as an opportunity.

In January 2022, Suoxinda (Beijing) Data Technology Co., Ltd.* (索信達(北京)數據技術有限公司) ("**Suoxinda Beijing**"), an indirect wholly-owned subsidiary of our Company, was successfully selected as one of the first batch of "Specialised and New" SMEs in Beijing in 2022.

In February 2022, our Company launched the "Suoxinda Spiritual Matrix Panoramic Regulatory Compliance Platform". Following the idea of micro-services and centralisation, the Spiritual Matrix Panoramic Regulatory Compliance Platform meets the regulatory compliance requirements of financial institutions when facing institutions such as People's Bank of China, China Banking and Insurance Regulatory Commission and State Administration of Foreign Exchange, in a "panoramic" manner and helps financial institutions complete the regulatory data submission work in a timely, accurate, complete and efficient manner in quick response to the requirements of the financial regulatory institutions.

In March 2022, our Company and Alibaba Cloud jointly launched the "**Alibaba Cloud– Suoxinda Intelligent Financial Platform**", which includes the Suoxinda Intelligent Marketing Platform and the Alibaba Cloud Big Data Platform.

In April 2022, Beijing Financial Street Capital Operation Group Co., Ltd ("**Financial Street Capital**") entered into an investment agreement with Suoxinda Beijing, under which Financial Street Capital will provide convertible loans in an amount of RMB100 million to Suoxinda Beijing for its technological research and development, market expansion and acquisitions of quality financial big data technology companies.

In July 2022, CCID Consulting officially published the "Market Analysis Report on 2021 Chinese Banking IT Solutions". Our Company ranked first in the banking intelligent marketing solutions market in 2021 with its outstanding performance in the intelligent marketing sector. Its market share amounted to 32.28%, exceeding the combined total of the next three peer market players.

In August 2022, our Company was once again listed in the "2022 IDC China FinTech Top 50".

In August 2022, IDC published the research report "China Banking IT Solutions Market Share in 2021". Our Company was ranked first in terms of market share in China's banking "intelligent marketing solutions". In addition, our market share was reported to have exceeded the combined total of the next three peer market players. Meanwhile, our Company was ranked second in terms of market share in the "Customer Resource Management Solutions", with a market share that was only approximately one percentage point different from that of the first place.

Milestones in 2022

In August 2022, the "Seahorse Intelligent Digital Marketing System" developed by our Company in cooperation with Shanghai Pudong Development Bank was awarded the "Best Frictionless Sales Management Project in China" by The Asian Banker in 2022 for its outstanding performance in data-driven marketing automation.

In November 2022, our Company was awarded the "Top 50 Chinese Pioneer Enterprises in Digital Transformation in the Financial Industry in 2022" by CCID Consulting. Meanwhile, the "Retail Customer Lifecycle Management" project customised for Bank of Guiyang was awarded the "Top 30 Best Innovative Applications in Digital Transformation in China's Financial Industry in 2022" by CCID Consulting.

In December 2022, Suoxinda Shenzhen was recognised as a "Guangdong Province Intellectual Property Demonstration Enterprise" by the Guangdong IP Protection Association.

Chairman's Statement

2022 has become history. For us, it had been a year of both overcoming challenges and achieving growth.

Over the past year, the ongoing spread of the COVID-19 pandemic and related control measures have brought about significant challenges and pressure to the industry and our Company, resulting in slowdown, acceptance delay and increased costs of some projects. In particular, at the end of the year when the pandemic control measures were eased, some customers were unable to conduct project acceptance and make payment due to control policies or personnel infections, which exerted an impact on our Company's revenue recognition to a certain extent.

In response to challenges such as the pandemic and uncertainties of the economic growth and the external environment, our Company had taken the initiative to implement a series of measures in 2022. On one hand, we improved operational efficiency and management capabilities, including strengthening project management, improving human resources efficiency, etc.; on the other hand, we cut expenses, reduced costs and enhanced efficiency, including the senior management's voluntary salary cuts to overcome difficulties in unity, and the streamlining and optimisation of our Company's office space to reduce administrative expenses, etc. At the same time, our Company also enhanced cash flow management, expanded financing channels, obtained convertible loans of RMB100,000,000 from Financial Street Capital, and raised HK$60,826,000 through private placement for our Company's operational development. In addition, in order to attract and retain outstanding talent, our Company continued to implement equity incentive program, establishing a positive incentive mechanism and continuously enhancing the long-term adhesion between key employees and our Company.

Looking back over the past year, despite constantly facing challenges, our Company still managed to achieve outstanding performance in some key with our concerted efforts. With respect to customer collaboration, our Company has been working increasingly closely with top-tier banks, achieving 100% renewal rate and expanding the scope of collaboration. We have eight customers with revenue exceeding the level of RMB10,000,000. In terms of business expansion, our Company's core data business has maintained growth for five consecutive years, with the revenue growing from RMB166,000,000 in 2019 to RMB268,000,000 in 2022, resulting in a three-year compound growth rate of 35.9%. At the same time, our innovative joint operation business with banks has also delivered tangible results, opening up a new path for growth. In regard of market performance, our Company has successively secured the first place with absolute advantages in the intelligent marketing solution market as reported in the market reports on China banking IT solutions published by CCID Consulting and IDC, significantly improving our Company's brand awareness and influence in the market.

Looking ahead to 2023, China's economy will be experiencing accelerated recovery in general during the post-pandemic era. The accelerated advancement of digital economy, digital transformation and information technology application replacement will create a favourable external environment and development opportunities for our Company's performance growth.

Chairman's Statement

A number of policies favourable to the industry have been introduced at the beginning of the new year. In February 2023, the Plan for the Overall Layout of Building a Digital China issued by the Central Committee of the Communist Party of China and the State Council of the PRC have elevated the construction of digital China to a comprehensive and strategic status. In March, the State Council announced the establishment of the National Data Bureau (國家數據局), which is responsible for coordinating and promoting the construction of the fundamental data system, coordinating and planning data resource integration for sharing, development and use, as well as coordinating the planning and construction of digital China, the digital economy, and the digital society. The above plans for digital China and the establishment of the National Data Bureau will exert a very positive impact on the digital transformation of various industries and the development of the big data industry, benefiting data solution providers, such as Suoxinda, which are equipped with autonomous R&D capabilities.

As a leading enterprise in the field of data intelligence and marketing technology, Suoxinda has accumulated a solid customer base and market influence over the years. Currently, our Company has collaborated with over 80% of the top-tier banks and a number of financial institutions with a cumulative of hundreds of cases. Leveraging on our financial+DT (data technology) composite talent advantage, autonomous innovative technology capabilities, deep understanding of application scenarios in the financial industry, and rich experience in serving financial enterprises over the years, Suoxinda has developed the unique core competitiveness to assist customers in building full-chain data capabilities to connect the front, middle and back-end, thereby accelerating digital transformation through the business growth in specific data-driven scenarios.

With the support of our customers, employees, and shareholders, I believe that we will definitely achieve our goal of becoming the absolute leader in the field of data intelligence and marketing technology in China by having full confidence, seeking steady progress and carrying out innovative exploration!

Wu Fu-Shea
Chairman of the Board

Management Discussion and Analysis

Mr. Shi Banchao
Executive Director and Chief Executive Officer

I. ANALYSIS ON INDUSTRY BACKGROUND

Looking back to 2022, at the level of the macro environment, the global economy faced increased downward pressure, the international situation was complex and critical, and China's economy was under pressure. Under the multiple challenges of the macro environment and the impact of the pandemic on business operations, enterprises overcame the difficulties and strode ahead to future.

From the industry level, the regulations governing the sectors of financial technology and the innovation of financial technology applications in the financial industry have been further tightened. On the other hand, the continuous development of regulatory technology, continuous advancement of enterprises' autonomous innovation ability in technology, and increasingly matured technology application, movement towards a stage of high quality and in-depth development of financial digitisation as well as the acceleration of replacement with domestic information technology application innovation, the support from favourable government policies was greater. The successive issuance of favourable policies, including the "Financial Technology Development Plan (2022-2025)" by the People's Bank of China, the "Guiding Opinions on the Digital Transformation of the Banking and Insurance Industry" by China Banking and Insurance Regulatory Commission, the "Financial standardisation 14th Five-Year Plan" by the People's Bank of China, the General Administration of Market Supervision, the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, the "14th Five-Year Plan for the Development of the Big Data Industry" by the Ministry of Industry and Information Technology and the "Opinions of the Central Committee of the Communist Party of China and the State Council on Establishing a Data Base System to Maximize a Better Role of Data Elements" (the "**20 Articles of Data**") have further clarified the goals, mindset and directions of the industry development, emphasising the importance of data application, data security and data governance.

In general, despite the greater pressure in terms of the macro environment and the industry in 2022, the above policy support and the general trend of industry development have provided significant support to the development of the financial technology, digitalised ecology, data intelligence and information technology application innovation which are relevant to Suoxinda's business, bringing bright prospects and confidence to the future development of Suoxinda.

II. BUSINESS REVIEW FOR 2022

1. Proactively optimising business structure in response to challenges and maintaining steady growth of the core data business

Under the backdrop of greater external pressure, our Company has built up strong pressure-resistant capabilities and development momentum by leveraging its solid customer base and strong overall competitiveness. In the face of challenges, our Company has proactively taken actions to optimise its business structure by reducing its investment and sales efforts in hardware and software sales, and related services as an integrated service and information technology maintenance and support services, and instead focusing on the steady growth and quality development of its core data solutions business. In 2022, our Company's overall revenue was approximately RMB377,000,000, of which our core data solutions business achieved revenue of approximately RMB268,000,000, representing a year-on-year increase of 3.8% and an increase of the proportion to our Company's overall revenue from 64.9% to 71.0%.

Our Company has been committed and dedicated in the financial sector for many years, with data intelligence and marketing technology as the core sector, surrounding the autonomous innovation of technology products and empowering digital transformation of the industry, strengthening autonomous research and development capabilities, developing high-quality products, and delivering high-value solutions, and leveraging on our data-driven as a capability to provide an acceleration engine to the financial technology development and financial digital transformation. Our Company has stepped up its efforts to build a diversified core competitiveness that integrates mature product solutions, rich case experience, composite talent advantage, solid customer base, and good market reputation, which provides our Company with strong support to gain continuous trust from customers, ensure robust development, and resist external pressure.

2. Strengthening organisational optimisation and carrying out continuous costs reduction and efficiency enhancement

In response to challenges brought by factors such as the pandemic, and uncertainties of economic growth and the external environment, our Company had taken the initiative to implement a series of measures to reduce costs and enhance efficiency in 2022. First of all, through salary adjustment and personnel optimisation to reduce labor costs, all senior management of our Company have taken the initiative to reduce their salaries since April to overcome the difficulties together, and at the same time, our Company optimised the diversion of some personnel; secondly, through streamlining office space and administrative management team, administrative expenses were reduced by approximately RMB2,106,000 on a year-on-year basis; thirdly, controlling travel expenses and marketing expenses, and optimising sales and pre-sales teams to reduce sales expenses by 31.2% or approximately RMB11,270,000 on a year-on-year basis; fourthly, optimising business processes and strengthening project management to continuously enhance operational efficiency.

3. Focusing on market segmentation and establishing a leading position in the banking intelligent marketing market

As a leading company focusing on data intelligence and marketing technology in the financial industry, Suoxinda is capable of providing mature products and solutions with rich experience in dealing with top-tier customers. This has enabled Suoxinda to maintain its leading market influence in the professional sector of intelligent marketing. Our Company was ranked first in China's banking "intelligent marketing solutions" market as reported in the "Market Analysis Report on 2021 Chinese Banking IT Solutions" published by CCID Consulting and "China Banking IT Solutions Market Share, 2021" published by IDC in 2022. In addition, our market share was reported to have exceeded the combined total of the next three peer market players. Meanwhile, in the IDC report, Suoxinda was ranked second in the "Customer Resource Management Solutions" market, with a market share that was only approximately one percentage point different from that of the first place.

As one of the key segments of Suoxinda's core business, intelligent marketing has become an important scenario of digital transformation for financial institutions and a key approach to drive business development in recent years. Its market demand has also been growing. As mentioned above, in the report "China Banking IT Solutions Market Share in 2021" published by IDC and CCID Consulting in 2022, the "Intelligent Marketing" market segment was added, indicating that major banks are actively investing in the construction of intelligent marketing platforms. The market is demonstrating robust growth, becoming an emerging market that which has caught people's attention in recent years.

During the Reporting Period, our Company has been engaged in intelligent marketing-related business with a number of major state-owned banks, national joint-stock banks, small and medium-sized banks, insurance and securities companies and other financial institutions, in the construction of intelligent marketing systems for banking wealth management, retail customer data mining and digital marketing, scenario-based intelligent marketing for private banking customers, retail customer experience monitoring systems, intelligent marketing platforms for credit card centres, label portrait platform, marketing management system, corporate banking marketing, and other professional application segments to provide intelligent marketing solutions that connect the front, middle and back-end.

4. Actively expanding innovative development and exploring new business models for joint operations

In the face of the changing market environment and external challenges, our Company integrated its own strengths and capabilities to respond to industry needs and trends in a timely manner, and explored new business models such as joint operations to create a new growth engine for our Company's development.

During the Reporting Period, our Company cooperated with a joint-stock bank in the form of joint data modelling and joint operations to carry out precise marketing for the bank's customers and promote inclusive financial services to meet the capital needs of more customers. Relying on its data analysis capability and digital marketing experience, Suoxinda has helped the bank to establish a sound customer operation system, operate and convert its customers, enhance user experience through continuous optimisation and iteration, realise the growth of the scale of its credit business, and continuously improve its market competitiveness.

Such innovative cooperation model of joint operations with customers to achieve a win-win situation is not only an important innovation and in-depth breakthrough in the cooperation model between Suoxinda and the bank, but also opens up a new field for Suoxinda to develop the joint operation business market in the future. At present, Suoxinda's precision marketing joint operation projects with another joint-stock bank and two city commercial banks are also underway.

5. Intensively cultivating top-tier banks and carrying out in-depth cooperation with customers

According to a research report of CCID Consulting, the six state-owned banks and 12 joint-stock banks invested as high as RMB170,450,000,000 in financial technology in 2021, accounting for approximately 73.5% of IT investment in China's banking industry. Our Company has already started business with 15 of these 18 top-tier banking institutions.

Our Company has leveraged its technical strengths in data intelligence and marketing technology to help banking institutions unearth value from data, empower business applications and gain customer recognitions. With financial institutions placing increasing emphasis on the value of data, our Company continued to deepen cooperation with its regular customers, building a solid customer base and providing an important guarantee for sustainable business growth. During the Reporting Period, our Company maintained a 100% renewal rate with its major customers, with revenue from eight customers exceeding the level of RMB10,000,000, and five joint-stock banks recording year-on-year revenue growth of over 50%. A top-tier joint-stock bank, with which our Company has been cooperating for 10 consecutive years, reported another record-high revenue during the Reporting Period.

6. Strengthening autonomous capabilities and promoting product application

Our Company insists on self-reliance and self-improvement of technology to promote autonomous research and development ("**R&D**") and the application of artificial intelligence (AI), big data, marketing technology and other products; continuously enhances product innovation capabilities, continuously upgrades and optimises product portfolio, and continuously creates mature and cutting-edge products and solutions for customers to facilitate digital transformation. As of the end of the Reporting Period, our Company has applied for 100 patents, and obtained 136 computer software copyright certificates. Our Company was also awarded the "Guangdong Province Intellectual Property Demonstration Enterprise" for 2022, and Suoxinda Shenzhen was approved to set up "Postdoctoral Innovation Practice Base" to enhance talent cultivation and research level development.

Our Company has more than ten types of products with its own intellectual property rights in the fields of intelligent marketing, AI and big data, developing and delivering solutions, software platforms and professional services related to big data, AI and digital marketing for major financial institutions and corporate customers, empowering the digital transformation and business innovation of the financial industry with autonomous and controllable technologies and products.

In order to help financial institutions respond to the stringent regulatory challenges and further improve their regulatory data governance and construction capabilities, our Company has launched the "Spiritual Matrix Panoramic Regulatory Compliance Platform" and entered the regulatory technology field. The product has been applied in Liaoshen Bank, Great Wall West China Bank and other institutions.

Suoxinda's technology competitiveness is based on its emphasis on talents. Through an open talent introduction mechanism and a mature talent cultivation and incentive mechanism, our Company has accelerated the introduction of outstanding technical talents and built a composite and highly efficient professional talent team. As of the end of the Reporting Period, technical talents accounted for approximately 88.1% of our Company's total workforce, of which data talents accounted for approximately 72.7%. In order to attract and retain outstanding talents, our Company has continued to implement the share award scheme even under the adverse environment, granting up to 778,579 restricted shares to 46 key talents and issuing 58,206,598 shares to 37 management and key technical personnel of our Company and 2 investors through private placement in an attempt to motivate employees and enhance the long-term adhesion of the backbone personnel to our Company.

7. **Promoting innovative application of information technology and actively expanding ecological cooperation**

Development of information technology application innovation is a national strategy. Ranging from the People's Bank of China to the China Banking and Insurance Regulatory Commission, guiding opinions on "autonomous and controllable finance" have been successively proposed in recent years to promote the application of autonomous and controllable technologies in the financial industry. "Autonomous and controllable finance" has become one of the key directions for financial technology in the next five years. The huge demand for domestic replacement in the financial industry is expected to generate a considerable demand in the information technology application innovation market, which provides a favourable development opportunity for financial technology companies, such as Suoxinda, which are equipped with autonomous innovation capabilities.

Our Company has been actively cooperating with leading domestic institutions to jointly provide customers with domestic full stack implementation and deployment solutions. During the Reporting Period, our Company was certified as a service partner of the Huawei Cloud. Our Company's "Data Platform Professional Services" were included in the Huawei Cloud Store as an associated product. Meanwhile, the Company has strengthened the information technology application innovation and adaptation of the products. Suoxinda's products such as Lingji Data Catalog Software and the Link-C Label Portrait Platform have completed the compatibility adaptation certification based on the Kunpeng architecture on the Huawei Cloud to meet the capability of supporting product domestication.

During the Reporting Period, our Company passed the Alibaba Cloud Database Technology Service Partner certification, becoming a member of the "Financial Pioneer Alliance" initiated by Alibaba Cloud. The two parties jointly launched intelligent marketing solutions. It is the first ecological product of Alibaba Cloud applied in the big data sector of the financial industry. At the same time, a number of products, such as Suoxinda Lingmou Label Portrait Platform, Data Asset Management Platform and Data Migration Tool, received the Alibaba Cloud product eco-integration certification, and have been implemented by many customers.

8. **Continuously broadening financing channels and providing financial guarantee for our Company's development**

In order to ensure sustainable development, our Company has actively sought diversified financing channels to provide stronger assistance for the future development of our Company. During the Reporting Period, Financial Street Capital entered into an investment agreement with Suoxinda Beijing, an indirect wholly-owned subsidiary of our Company, under which Financial Street Capital provided an investment of RMB100 million to Suoxinda Beijing for its technology research and development, market expansion and acquisition of quality financial big data technology companies. As a state-owned capital operation platform, the investment will provide Suoxinda Beijing with various relevant resources to support its future business expansion and capital market development.

In addition, our Company also raises funds in the capital market through private placement. During the Reporting Period, our Company raised approximately HK$60,826,000. This not only provided our Company with the necessary funding for development, but also fully demonstrated the confidence of the subscribers in the overall development prospects and growth potential of our Company.

III. OUTLOOK

Looking ahead to 2023, we believe that China's macroeconomic performance will continue to improve, the trend of economic improvement will remain unchanged, and the promising prospect for the financial technology and digital transformation will also remain unchanged. With the enterprise's return to normal development, coupled with the national policy of supporting technology autonomous innovation, information technology application innovation industry and digital intelligence, the domestic financial industry will continue to maintain strong demand for digital intelligence upgrade, and the industry will continue to maintain high quality development and more room for growth.

Management Discussion and Analysis

In February 2023, the Central Committee of the Communist Party of China and the State Council issued the Plan for the Overall Layout of Building a Digital China (the "**Plan**"). The Plan proposes key points such as to construct a self-reliant and self-improving digital technology innovation system, strengthen the dominant status of enterprise technology innovation, facilitate the in-depth integration of digital technology and the real economy, and accelerate the innovation and application of digital technology in key areas such as agriculture, industry, finance, education, healthcare, transportation and energy. The Plan proposes to accelerate the enhancement in the scale and quality of data resources, effectively release the key value of data and achieve a significant breakthrough in digital technology innovation by 2025. The Plan also proposes that by 2035, the goal is to secure a global leading position in the level of digitalisation development and attain significant achievements in the construction of digital China. In March of the same year, China announced the establishment of the National Data Bureau (國家數據局), which is responsible for coordinating and promoting the construction of the fundamental data system, coordinating and planning data resource integration for sharing, development and use, as well as coordinating the planning and construction of digital China, the digital economy, and the digital society. According to the forecast of CCID Consulting, the overall IT investment in China's banking sector will reach RMB513.234 billion by 2026, with an average compound annual growth rate ("**CAGR**") of 16.66% from 2022 to 2026. The market size of the banking IT solutions market in China is expected to reach RMB139.011 billion by 2026, with an average CAGR of 23.55% from 2022 to 2026. This all bring favorable prospects for the future development of our Company.

In the future, our Company will continue to focus on the in-depth development of data intelligence and marketing technology sectors; insist on data-oriented approach supported by operations to achieve interactive development; strengthen the cooperation and support of internal and external ecological resources, enhance the risk resilience of enterprises to achieve long-term sustainable development with vitality. We will carry out continuous innovation and reform and keep abreast with the trend to bring strong growth momentum to the enterprise. In particular, our Company will focus on the following aspects to determine its new development strategies, continue to build its core competitiveness, create new engines of development and achieve steady development:

1. Focus on the advantageous sectors and continue to refine and optimise our business

In the future, our Company will continue to optimise the customer structure, base on bank customers, target financial institutions to explore new customers, carry out business in the national market, continue to deepen the cooperation and solid foundation with major customers and regular customers, and broaden and deepen the development with top-tier financial institutions. Our Company will continue to improve customer satisfaction by improving product quality and solution service capabilities, further expand its market influence, maintain the renewal rate of large customers, explore new customers, target more types of institutions and business scenarios, and continue to extend the width and depth in empowering financial digital transformation.

At the same time, our Company will continue to refine and optimise data intelligence and marketing technology, fully utilising its end-to-end data capabilities and integrating its composite talent advantage with its rich experience in serving top-tier banks over the years to provide customers with mature, stable and forward-looking products and service solutions.

2. **Seize the information technology application innovation opportunities and empower further development of financial information technology application innovation**

In the future, it is expected that under the guidance of the national policy and driven by the demand of financial institutions' own digital transformation, financial information technology application innovation will continue to evolve in depth and generate a large amount of demand for domestic replacement. Our Company will continue to seize the opportunities arising from information technology application innovation and domestic replacement to provide customers with autonomous and controllable domestic products and solutions.

Meanwhile, our Company will continue to leverage on the platform and power of ecological cooperation, and actively promote the open co-construction of the information technology application innovation ecosystem, jointly creating and building with ecological partners in terms of capabilities, technology and models, so as to provide customers with efficient, mature and reliable data solutions. Our Company will create strong synergy with its ecological partners, expand its influence and customer coverage with the power of ecosystem, create more benchmark cases of information technology application innovation in the industry, as well as integrate and apply successful experiences in more fields and organisations.

3. **Strengthen data foundation and enhance data gene**

Our Company will continue to build up the two advantageous capabilities of data and marketing, further leverage on the connection of the front, middle and back-end of the data chain and talent advantages, enhance product R&D capabilities, continue to upgrade and optimise products, help customers release the value of data, and drive business growth through data. Our Company will continue to optimise and upgrade its products through data intelligence and marketing technology, build its signature products, and focus on the development of data platform, data migration, data analysis, data mining, label portrait, intelligent marketing and regulatory compliance products.

Our Company will continue to strengthen its solution service capabilities in the application aspect, such as the construction and operation of underlying data platforms, data asset management, database migration, data analysis, data-based intelligent marketing and regulatory compliance applications, and establish an end-to-end technology and service system. We will strengthen the autonomous product R&D capabilities, and continuously and iteratively upgrade and optimise the product system according to the latest customer needs.

4. Actively develop joint operation business and expand the room for growth of our Company

Our Company will focus on the joint operation innovation business as its one of the key development directions. It has set up an exclusive intelligent operation department to develop and operate the joint operation market and explore new joint operation market. At the same time, we will continue to innovate and explore cooperation models with customers, promote deeper and more efficient cooperation with customers, as well as search for cooperation models that can bring more efficient empowerment to the financial digital transformation, so as to achieve win-win development with customers and create diversified momentum for our Company's business growth.

Cooperation between financial technology companies and financial institutions is an important approach to promote financial digital transformation. The joint operation model has become a new promising and feasible business cooperation model to achieve a win-win situation. The partnership of financial institutions + technology companies can realise efficient digital transformation by complementing each other's advantages, jointly build a digital ecology, facilitate the implementation of technology and products, and continuously optimise and iterate solutions. Under this model, financial technology companies are no longer technical service providers. Instead, it can bring the cooperation to the actual operation level, transforming from the simple party A and party B relationship in the past to an integrated partnership model, which is more conducive to the utilisation of the complementary advantages of both parties, thus strengthening the trust and deepening cooperation to obtain greater benefits and achieve a win-win situation.

5. Improve the autonomous technology capabilities and optimise talent structure

Our Company will shoulder the main responsibility of autonomous innovation in technology, fully utilise its demonstration role in the area of autonomous intellectual property rights, persistently step up its efforts in the autonomous R&D of core technologies, increase the investment in technology R&D and the training of professional and technical personnel, continuously upgrade and optimise products and solutions, empower digital transformation and business innovation with autonomous and controllable technologies, and continuously create value for customers. Our Company will continue to adhere to the data-oriented talent structure, attract high-level talents in professional fields, optimise the talent structure, establish an all-round and composite talent structure, expand the team of high-quality data intelligence and marketing technology experts, focus on talent cultivation, with the "Guangdong Financial AI Engineering Technology Research Centre" and "Postdoctoral Innovation Practice Base" in Shenzhen as foundations, strengthen the construction of the platform and mechanism for cultivating talents in industry, academia and research, and fully unleash the talent-driven power for enterprise development.

6. Diversified financing portfolio to seek sustainable exogenous momentum

Based on its own operation and development needs, our Company will continue to actively seek to introduce multiple financing channels through scientific decision-making, optimise the shareholder structure by introducing external financing, strategic investors, capital market financing and other channels to provide diversified sources of capital for our Company's development and facilitate its business growth. Meanwhile, our Company will make full use of internal and external resources to optimise the corporate governance structure, improve the operational efficiency, enhance the enterprise's self-restoration function, form a recyclable closed-loop driving force, and lead the enterprise to achieve long-term and steady development.

In the future, our Company will continue to take various active measures to maintain continuous growth in performance and profits, seek continuous growth breakthroughs in business, and strengthen our leading position in data intelligence and marketing technology sector in China.

FINANCIAL REVIEW

1 Revenue

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue		
– Data solutions	**267,589**	257,741
– Sales of hardware and software and related services as an integrated service	**77,914**	92,783
– Information technology (IT) maintenance and support services	**31,623**	46,848
	377,126	397,372

Revenue for the Reporting Period amounted to approximately RMB377,126,000, representing a decrease of approximately 5.1% or approximately RMB20,246,000 as compared with 2021. The decrease in revenue was mainly due to (1) our Company's proactive optimisation of the business structure to reduce the investment and sales efforts in hardware and software sales and related services as an integrated service, IT maintenance and support services, and focus on the steady growth and high quality development of the core data solutions business, resulting in a decrease of approximately 16.0% or approximately RMB14,869,000 in revenue from the sales of hardware and software and related services as an integrated service; a decrease of approximately 32.5% or approximately RMB15,225,000 in revenue from the IT maintenance and support services; and (2) a slower growth of the Group's data solutions business than expected due to the impact of the COVID-19 pandemic, with an increase of approximately 3.8% or RMB9,848,000 in the relevant revenue as compared with 2021.

2 Gross profit and gross profit margin

Gross profit for the Reporting Period amounted to approximately RMB89,339,000, representing a decrease of approximately 30.9% as compared with 2021. The decrease in gross profit was mainly due to (1) the continuous impact of the COVID-19 pandemic and the strict containment measures implemented in the Mainland China, which prevented the Group's delivery team from timely accessing customers' project sites to complete the work, resulting in longer project completion cycle, thus increasing the operating costs; and (2) the decrease in revenue during the Reporting Period.

Gross profit margin for the Reporting Period was approximately 23.7%, representing a decrease of approximately 8.8% as compared with 2021 (2021: 32.5%). The decrease in gross profit margin was mainly due to: (1) lower gross profit of orders from the Group's new strategic customers; (2) lower revenue from the sales of hardware and software and related services as an integrated service which carries higher gross profit; and (3) longer testing and delivery cycle for data analysis solutions projects as impacted by the COVID-19 pandemic.

3 Selling expenses

For the Reporting Period, we recorded selling expenses of approximately RMB24,822,000, representing a decrease of approximately 31.2% or approximately RMB11,270,000 as compared with 2021. Selling expenses accounted for approximately 6.6% of our revenue for 2022 (2021: approximately 9.1%). The decrease in selling expenses was mainly due to (1) the change of some marketing activities from offline to online as a result of the COVID-19 pandemic, resulting in a decrease in marketing expenses of approximately 70.9% or approximately RMB6,857,000 as compared with 2021; and (2) the optimisation of the sales and pre-sales team, resulting in a decrease in related staff costs of approximately 17.3% or approximately RMB3,844,000 as compared with 2021.

4 Research and development expenses

During the Reporting Period, we recorded R&D expenses of approximately RMB39,580,000, representing a decrease of approximately 35.6% or approximately RMB21,882,000 as compared with 2021 and accounting for approximately 10.5% of the revenue for the Reporting Period (2021: approximately 15.5%). The decrease in R&D expenses was mainly due to: some personnel of the R&D team were transferred to the implementation team, as our Company's products developed previously had become increasingly mature and the focus was shifted to the promotion and application of the products to achieve continuous refinement during the application process, resulting in a decrease in staff costs for the R&D team of approximately 46.0% or approximately RMB20,746,000 as compared with 2021.

5 Administrative expenses

During the Reporting Period, we recorded administrative expenses of approximately RMB99,606,000, representing an increase of approximately 9.5% or approximately RMB8,674,000 as compared with 2021. The increase in administrative expenses was mainly due to: (1) the increase in expenses related to share-based payments of approximately 255.8% or approximately RMB14,764,000 arising from the grant of share options and awarded shares during 2022; and (2) the increase in amortisation of intangible assets of approximately 190.8% or approximately RMB5,522,000; however, part of the increase was offset due to (1) the decrease in relevant fees paid to consultants and attorneys of approximately 44.0% or approximately RMB7,110,000 during the Reporting Period as compared with 2021; and (2) the decrease in administrative expenses of approximately RMB2,106,000 as a result of the Group's streamlining the office space which led to a decrease in rental expenses, and the optimisation of the administrative management team.

6 Income tax expenses

During the Reporting Period, we recorded income tax credit of approximately RMB5,487,000 (2021: tax credit of approximately RMB3,501,000). Such change was mainly due to the increase in deferred tax credit recognised for decelerated tax depreciation and expected credit losses on financial and contract assets.

7 Net loss for the year

Net loss for the Reporting Period amounted to approximately RMB124,022,000 (2021: net loss of RMB75,987,000).

The main reasons for the increase in net loss were:

1) the impact of the COVID-19 pandemic and the strict containment measures implemented in the Mainland China, which prevented our Group's delivery team from timely accessing customers' project sites to complete the work, resulting in longer project completion cycle, thereby increasing the operating costs by approximately RMB19,611,000;

2) the expenses related to share-based payments of approximately RMB20,536,000 (2021: RMB5,772,000) arising from the grant of share options and awarded shares during 2022 by the Group in order to attract and retain outstanding talents;

3) depreciation and amortisation of property and equipment, intangible assets and right-of-use assets of approximately RMB39,645,000 (2021: RMB27,934,000), among which, the amortisation of self-developed products increased by approximately RMB5,241,000;

4) provision for impairment of financial and contract assets of our Group of approximately RMB24,397,000 based on prudent consideration;

5) impairment of property and equipment, intangible assets and right-of-use assets of approximately RMB24,000,000 due to business strategy adjustment; and

6) due to the streamlining and optimisation of office space, our Company relocated three main offices. The amortisation of the renovation expense of the original office was included in the expenses for the Reporting Period in advance in a lump sum, resulting in a decrease in other gain of approximately RMB4,666,000.

8 Loss for the year attributable to owners of our Company

For the Reporting Period, loss for the year attributable to owners of our Company was approximately RMB128,192,000 (2021: loss attributable to owners of our Company of approximately RMB76,238,000). Such change was mainly due to the increase in the net loss for the Reporting Period as mentioned above.

9 (Loss)/earnings per share

Basic and diluted loss per share of our Company for the Reporting Period amounted to approximately RMB30.9 cents. Basic and diluted loss per share for 2021 amounted to approximately RMB19.0 cents.

10 Liquidity and financial resources

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	**(21,306)**	(12,039)
Net cash inflow/(outflow) from investing activities	**(51,797)**	(50,033)
Net cash inflow/(outflow) from financing activities	**65,273**	10,154

The balance of our Group's cash and cash equivalents as at 31 December 2022 was approximately RMB15,111,000, representing a decrease of approximately RMB6,844,000 as compared with cash and cash equivalents as at 31 December 2021.

A Operating activities

The net cash used in operating activities of our Group during the Reporting Period amounted to approximately RMB21,306,000, representing an increase of approximately RMB9,267,000 as compared with the amount of net cash used in operating activities in 2021, mainly due to the increase in project procurement, salary expenses, related tax expenses and other miscellaneous expenses during the Reporting Period.

B Investing activities

The net cash used in investing activities of our Group for the Reporting Period was approximately RMB51,797,000, mainly for the investment in associated companies and the purchase expenses for intangible assets and equipment.

C Financing activities

The net cash generated from financing activities of our Group for the Reporting Period was approximately RMB65,273,000. The increase in the net cash generated from financing activities was mainly due to: (1) the financing by the issuance of shares; (2) Suoxinda Beijing, an indirectly wholly-owned subsidiary of our Company, obtaining the investment of convertible loans from Financial Street Capital; and (3) the Group obtaining financing from banks and other financial institutions.

D Capital expenditure

Our Group did not incur capital expenditure during the Reporting Period.

11 Capital structure

Bank and other borrowings

As at 31 December 2022, our bank borrowings were approximately RMB73,594,000, other borrowings were approximately RMB7,997,000.

Debt securities

As at 31 December 2022, our Group had convertible loans which were designated as financial liabilities at FVTPL of approximately RMB41,981,000.

Contingent liabilities

As at 31 December 2022, our Group had no major contingent liabilities or guarantees.

Treasury policy

Our Group has adopted a prudent financial management approach for our treasury policy. The board (the "**Board**") of directors (the "**Directors**") of our Company closely monitors our Group's liquidity position to ensure that the liquidity structure of our assets, liabilities, and other commitments can meet our funding needs all the time.

Gearing ratio

The gearing ratio of our Group as at 31 December 2022 was approximately 143.6% (2021: approximately 67.8%). The increase in gearing ratio was mainly due to: (1) an increase in bank and other borrowings of approximately RMB31,283,000 as compared with 2021; and (2) an increase in financial borrowings of approximately RMB41,981,000 during the Reporting Period. The gearing ratio is calculated by dividing the sum of bank and other borrowings, convertible borrowings and amounts due to Directors by our total equity as at the end of the Reporting Period.

12 Pledge of assets

As at 31 December 2022, our Group's bank borrowings were secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of approximately RMB14,850,000 (31 December 2021: approximately RMB11,550,000);

(ii) building of our Group of approximately RMB10,128,000 (31 December 2021: approximately RMB10,852,000);

(iii) pledged bank deposits of approximately RMB221,000 (31 December 2021: approximately RMB221,000);

(iv) our Group's outstanding trade receivables of approximately RMB36,323,000 owed by certain customers (31 December 2021: approximately RMB3,131,000);

(v) our Group's other deposits of approximately RMB1,000,000 (31 December 2021: approximately RMB500,000); and

(vi) personal guarantees from Mr. Song Hongtao ("**Mr. Song**"), Mr. Wu Xiaohua, their spouses and a director of a subsidiary.

13 Capital commitments

As at 31 December 2022, our Group had no capital commitments.

14 Material acquisitions and disposal of subsidiaries, associated companies and joint ventures

On 19 April 2022, Suoxinda Beijing, an indirect wholly-owned subsidiary of our Company, entered into an investment agreement with Financial Street Capital, Suoxinda Shenzhen and Mr. Song, pursuant to which, Financial Street Capital agreed to make an investment (the "**Investment**") in Suoxinda Beijing which comprises two stages, namely, (i) provision of convertible loan to Suoxinda Beijing; and (ii) the conversion of convertible loan into conversion capital and/or the subscription of additional capital, in accordance with the terms and conditions of the investment agreement. As at 31 December 2022 and the date of this annual report, the Investment is in its first stage. Assuming that the Investment proceeds to the second stage and that Financial Street Capital will hold 20% of equity interest in Suoxinda Beijing immediately upon full conversion of convertible loan and the subscription of additional capital, Suoxinda Shenzhen's equity interest in Suoxinda Beijing will be reduced to 80% and Suoxinda Beijing will remain as a non-wholly owned indirect subsidiary of our Company. Accordingly, the transactions contemplated under the investment agreement will constitute deemed disposal of our Company under Chapter 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Details of the Investment and the deemed disposal are set out in the announcement of our Company dated 19 April 2022, the supplemental announcement of our Company dated 20 October 2022 and note 32 to the consolidated financial statements. As at the date of this annual report, the parties were still under negotiation in relation to the subsequent arrangements of the Investment.

Save as disclosed, there were no significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

15 Transactions in securities of our Company and its subsidiaries

Save as the aforementioned Investment and the disclosure in Notes 30 and 34 to the consolidated financial statements, neither the Company nor any of its subsidiaries have entered into any other transactions in the securities of our Company or its subsidiaries during the Reporting Period and up to the date of this annual report.

16 Foreign exchange risk

As the majority of the Group's business transactions, assets and liabilities are denominated primarily in the functional currencies of our Group's entities, the Group is exposed to certain foreign currency risks. Our Group implemented effective management policies to closely monitor changes in foreign exchange rates and regularly review foreign exchange risks. Our Group will consider hedging significant foreign currency risk when necessary.

17 Future plans for material investments or capital assets

Our Group currently has no other plans for material investments or capital assets.

Directors, Senior Management and Company Secretary

The biographical details of the Directors, senior management and company secretary of our Company are set out as follows:

Executive Directors

Mr. Wu Xiaohua (吳曉華), aged 49, is our executive Director. He has also been the chief executive officer of our Company until 26 March 2020. He is responsible for the management of business and operation of our Group. He joined our Group in May 2006 as the general manager and was appointed as a director, the chief financial officer and the deputy general manager of our Group in December 2015. He obtained a bachelor's degree in production automation from Shenzhen University (深圳大學) in June 1995.

Mr. Wu has over 14 years of experience in business management. Prior to joining our Group, he served as a technical engineer of Shenzhen Hongbo Communication Investment Development Company* (深圳市鴻波通信投資開發公司) (now known as Guangdong Hongbo Communication Investment Holding Co., Ltd.* (廣東鴻波通信投資控股有限公司)) from July 1995 to February 1998; and later served as the head of sales in its trade department from February 1998 to January 2000. From January 2000 to May 2006, he worked at Shenzhen Post and Material Company Limited* (深圳市郵電物資有限公司) with his last position serving as a sales manager.

Mr. Shi Banchao (石班超), aged 46, has been appointed as our chief executive officer and executive Director since 4 November 2022. He joined the Group on 6 May 2021 and acted as the vice president and general manager of southern China region of the Group. He is the person in charge of several branch offices of the subsidiaries of the Company. He graduated with a bachelor's degree in management from Hunan Institute of Commerce* (湖南商學院) (now known as Hunan University of Technology and Business) in the PRC in June 1999.

Mr. Shi has nearly 20 years of working experience in the information technology service industry. Prior to joining the Group, from 2002 to 2011, he had served several sales and marketing positions in several companies which are engaged in development and production of computer software and hardware products, including Beijing Founder Order Computer System Co., Ltd.* (北京方正奧德計算機系統有限公司), Digital China Xinlong Technology Co., Ltd.* (神州數碼新龍科技有限公司) and Guangzhou office of Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd. (航信德利信息系統(上海)有限公司) (formerly known as Wincor Nixdorf Retail & Banking Systems (Shanghai) Co., Ltd.* (德利多富信息系統(上海)有限公司)). He worked at Teradata Information Systems (Beijing) Co., Limited (天睿信科技術(北京)有限公司) from March 2011 to December 2020 with his last position as sales director of southern China region and southwest region.

Directors, Senior Management and Company Secretary

Non-executive Directors

Dr. Wu Fu-Shea (吳輔世), aged 64, is the Chairman of our Board and non-executive Director. He has been redesignated from our executive Director to our non-executive Director on 4 November 2022. He resigned as chief executive officer and was appointed as the Chairman of our Board on the same day. He is responsible for formulating the business strategy of our Group and leading the Board to achieve the goals of our Group. He holds a Master of Business Administration degree of Tulane University, the United States and a Ph.D. degree in management from Nankai University. From 10 September 2019 to 12 December 2019, Dr. Wu served as the chief advisor of Suoxinda Shenzhen and was appointed as the general manager of Suoxinda Shenzhen on 13 December 2019. Dr. Wu also served as our chief executive office from 26 March 2020 to 4 November 2022.

With the working experience in the PRC big data solutions industry for over 21 years, Dr. Wu served as the head of the Greater China region for three globally leading scientific and technological companies in this professional field, and has profound insights into the development of big data and AI in the Chinese market. Before joining our Group in September 2019, Dr. Wu was the president of Greater China region of Teradata Technology (Beijing) Co., Limited from January 1998 to December 2008, the president of Greater China region of FICO information technology (Beijing) Co., Limited from September 2009 to July 2011, and the president of Greater China region of SAS Software (Beijing) Co., Limited from August 2011 to December 2018.

Mr. Chen Zhenping (陳楨平), aged 46, is our non-executive Director. He was appointed as our executive Director on 1 March 2022 and redesignated as our non-executive Director on 4 November 2022. He is responsible for assisting in the overall formulation of business strategy of our Group. He is also a member of the Nomination Committee of our Company. He received his bachelor's degree in engineering from Shandong Building Materials Technical Institute* (山東建築材料工業學院) (the predecessor of the University of Jinan* (濟南大學)) in the PRC in July 2000.

Mr. Chen has been engaging in new energy and technology investment for a long time while got depth understanding of the relevant fields as well. He has accumulated extensive investment experience in his field. Prior to joining our Group, he served as the vice president of the Southern China district of the metal and new material business unit of Amer International Group Limited (正威國際集團有限公司) from May 2008 to October 2019, where he participated in formulating the company's development plan, operating strategy and organizing the implementation to promote the achievement of company goals.

Ms. Zhao Yue (趙悅女士), aged 33, was appointed as a non-executive Director on 4 November 2022. She is responsible for overseeing the management of our Group independently. Ms. Zhao obtained the legal professional qualification certificate issued by the Ministry of Justice of the PRC in April 2021 and the qualification certificate of the secretary to the board of directors of Shenzhen Stock Exchange in September 2019.

Ms. Zhao has nearly 10 years of working experience in the corporate management and consulting. Prior to joining the Group, from July 2012 to May 2016, she served as a consultant and subsequently was promoted as a senior consultant at Beijing Beson Consulting Co., Ltd.* (北京百森諮詢有限公司). From June 2016 to May 2020, she had served as a senior strategic researcher in the strategic investment department of the board of directors of Shenzhen Kuang-Chi Metamaterials Technology Co., Ltd.* (深圳光啟超材料技術有限公司), which is a subsidiary of Kuang-Chi Technologies Co., Ltd (光啟技術股份有限公司) (Shenzhen stock code: 002625). She has served as the legal representative, executive director and general manager of Shenzhen Zhongchengtong Private Equity Fund Management Co., Ltd.* (深圳市中成通私募股權基金管理有限公司), which is a subsidiary of China Vered Financial Holding Corporation Limited (中薇金融控股有限公司) (stock code: 245) since May 2020.

Directors, Senior Management and Company Secretary

Independent Non-executive Directors

Dr. Chen Wei (陳薇), aged 41, was appointed as our independent non-executive Director on 28 March 2022. She is responsible for overseeing the management of our Group independently. She is also the chairman of the Nomination Committee of our Company and a member of the Audit Committee and Remuneration Committee of our Company.

Dr. Chen holds a bachelor's degree in economics from Beijing University of Aeronautics and Astronautics (北京航空航天大學), a master of science degree in money, banking and finance from University of Birmingham and a PhD in economics from University of Birmingham. Dr. Chen obtained the Chartered Financial Analyst qualification from the Chartered Financial Analyst Institute in September 2013. She has been a part-time professor of Hebei Finance University (河北金融學院) since January 2020 and a doctoral advisor of the Business School of Guangxi University (廣西大學商學院) since November 2020.

Dr. Chen has extensive experience in the finance industry. Prior to joining our Group, from 2007 to 2021, she had served as an account manager assistant at the commercial banking division of HSBC plc, a postdoctoral researcher at Guosen Securities Co.,Ltd. (國信證券股份有限公司), a senior manager at the investment banking division, and later a director of business development division of Guosen Securities (HK) Financial Holdings Company Limited (國信證券(香港)金融控股有限公司), an assistant vice president at the China market division of BNP Paribas Wealth Management, Hong Kong Branch, and an executive general manager of the financial institution division of Dongxing Securities (Hong Kong) Financial Holdings Limited (東興證券(香港)金融控股有限公司). Since October 2021, Dr. Chen has served as the chief investment officer of Coast International Asset Management Limited (沿海國際資產管理有限公司).

She was previously an executive director of Heritage International Holdings Limited (漢基控股有限公司*) (now known as China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司)) (stock code: 412) from October 2013 to October 2014 and an executive director of China Jinhai International Group Limited (中國金海國際集團有限公司*) (now known as Central Wealth Group Holdings Limited (中達集團控股有限公司)) (stock code:139) from December 2014 to August 2015.

Mr. Yang Haifeng (楊海峰), aged 48, was appointed as an independent non-executive Director on 26 August 2022. He is responsible for overseeing the management of our Group independently. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of our Company.

Mr. Yang graduated from Zhejiang University of Technology* (浙江工業大學) in January 2008 through distance learning with a major in accounting, and obtained a master degree in professional accounting from The Chinese University of Hong Kong in November 2018. He has been a member of the Chinese Institute of Certified Public Accountants since May 2004, and a fellow member of CPA Australia since September 2018.

Mr. Yang has extensive experience in auditing. Mr. Yang served in Linuo Group Co., Ltd.* (力諾集團股份有限公司) from August 2005 to February 2008 with his last position as a senior auditor, in the Shanghai branch of Tianhua Certified Public Accountants Co., Ltd.* (天華會計師事務所有限公司) from March 2008 to July 2009 with his last position as a senior manager, in the Shanghai branch of Jingdu Tianhua Certified Public Accountants Co., Ltd.* (京都天華會計師事務所有限公司) as a senior manager from August 2009 to August 2012, in the Shanghai branch of Ruihua Certified Public Accountants (Special General Partnership)* (瑞華會計師事務所(特殊普通合夥)) from September 2012 to April 2019 with his last position as a partner, and in the Shanghai Branch of ShineWing Certified Public Accountants (Special General Partnership)* (信永中和會計師事務所(特殊普通合夥)) as a partner since May 2019.

Ms. Dan Xi (但曦), aged 33, was appointed as an independent non-executive Director on 6 January 2023. She is responsible for overseeing the management of our Group independently. She is also a member of the Audit Committee and the Remuneration Committee of our Company.

Ms. Dan received her double degree of Bachelor of Laws and Bachelor of Arts in French from Wuhan University in June 2012, and obtained the degree of Master of Laws in International Economic Law from The Chinese University of Hong Kong in November 2013. She obtained the PRC Legal Professional Qualification Certificate awarded by the Ministry of Justice of the PRC in September 2012.

Ms. Dan has nearly 10 years of experience in legal practice. Ms. Dan worked as a lawyer at Beijing Dentons Law Offices LLP (Shenzhen)* (北京大成(深圳)律師事務所) since June 2013 and is currently a partner.

Senior Management

Mr. Song Aihua (宋愛華), aged 44, was appointed as our chief operating officer on 4 November 2022. He joined our Group on 11 November 2019 and was the vice president and general manager of northern China and southwest China team of our Group. He graduated from Jilin University* (吉林大學) in July 2000 with a bachelor's degree in automation technology.

He has over 21 years of working experience in the financial technology industry. Prior to joining our Group, he worked as (i) a software engineer in the unix department of Changchun Changlian Software Company* (長春長聯軟件公司) of China United Group* (中聯集團) from July 2000 to May 2001; (ii) a senior software engineer in the financial division of Xing Tang Communication Technology Co. Ltd.* (興唐通信科技股份有限公司) of Datang Telecom Group* (大唐電信集團) from June 2001 to March 2003; (iii) a project manager in Beijing Tianqiao Beida Jade Bird Sci-Tech Co., Ltd.* (北京天橋北大青鳥科技股份有限公司) of Beida Jade Bird Group* (北大青鳥集團) from April 2003 to December 2006; (iv) a senior software engineer in Brocade Information Industry (Shenzhen) Co., Ltd* (博科信息產業(深圳)有限公司) from January 2007 to August 2008; and (v) a project director of the finance division and the director of professional services in Northern China at Teradata Technology (Beijing) Co., Ltd.* (天睿信科技術(北京)有限公司) from August 2008 to October 2019.

Mr. Jiang Jingxiang (江鏡祥), aged 45, is the chief risk control officer of our Group and he joined our Group on 27 July 2020. He graduated from Shanghai University of Finance and Economics* (上海財經大學) with a bachelor's degree in economics in July 1999. He has been a member of the Chinese Institute of Certified Public Accountants since 2003, and an associate member of CPA Australia since 2011.

He has over 21 years of working experience in accounting and finance profession. Prior to joining our Group, he worked for (i) Sinopec Group Shanghai Offshore Oil Exploration and Development Company* (中國石化集團上海海洋石油勘探開發公司) from July 1999 to February 2001 as an accountant; (ii) Schneider Electric (China) Investment Company Limited Shanghai Branch* (施耐德電氣(中國)投資有限公司上海分公司) from March 2001 to April 2002 as an accountant; (iii) Jardine Matheson (Shanghai) Limited* (怡和科技(上海)有限公司) from May 2002 to August 2005 as a financial controller; (iv) Wacker Chemie Investment (China) Co., Ltd.* (瓦克化學投資(中國)有限公司) from September 2005 to October 2007 as a financial controller; (v) Veolia Transport (China) Co., Ltd.* (威立雅交通(中國)有限公司) from November 2007 to April 2010 as a finance manager; (vi) Shandong Dongying Photovoltaic Solar Energy Co., Ltd.* (山東東營光伏太陽能有限公司) from May 2010 to February 2013 as a finance director; (vii) Shanghai Haideliye Investment Co., Ltd.* (上海海德立業投資有限公司) from March 2013 to February 2017 as a finance director; and (viii) Shanghai Xingqun Power Company Limited* (上海星群電力有限公司) from March 2017 to June 2020 as the chief financial officer.

Directors, Senior Management and Company Secretary

Mr. Dong Wei (董偉), aged 47, is the director of the Professional Services Department of the Group's eastern China region, who joined our Group in December 2019. He graduated from Nanjing Medical University with a bachelor's degree in medicine in July 1996. He also obtained a master's degree in epidemiology and health statistics from Fudan University in July 2002.

He has over 20 years of experience in the statistical analysis industry, with particular focus on business analysis. Prior to joining our Group, he worked in several companies including SAS Software (Beijing) Ltd* (賽仕軟件(北京)有限公司), IBM (China) Ltd* (國際商業機器(中國)有限公司) and China Continent Property & Casualty Insurance Co Ltd* (中國大地財產保險股份有限公司) in data analysis solutions.

Mr. Dong is dedicated to statistical analysis research and has authored several publications related to statistical analysis. Mr. Dong also served as a part-time tutor for postgraduate students of the master's degree of applied statistics at Shanghai University of Finance and Economics from April 2018 to March 2021.

Mr. Jiang Shunli (蔣順利), aged 45, is the Chief Marketing Officer of the Group and he joined our Group on 11 January 2021. He graduated from Beijing Technology and Business University* (北京工商大.) with a Bachelor of Arts degree in June 2001 and graduated from Tsinghua University with a Master of Business Administration degree in January 2011.

Mr. Jiang has over 20 years of experience in brand management and marketing. Prior to joining our Group, he worked as:(i) a manager and director of the Marketing and Alliance Department at Beijing Turbolinux Software Limited* (北京拓林思軟件有限公司) from May 2003 to May 2008; (ii) a marketing manager for China at SAS Software (Beijing) Ltd.* (賽仕軟件(北京)有限公司) from June 2008 to October 2011; (iii) a senior marketing manager of Greater China at BMC Software (China) Technology Limited* (博思軟件(中國)有限公司) from October 2011 to July 2015; (iv) a marketing director of Greater China at SAS Software (Beijing) Ltd.* (賽仕軟件(北京)有限公司) from August 2015 to July 2017; (v) a vice president of marketing at Beijing IngageApp Internet Technology Limited* (北京仁科互動網絡技術有限公司) from August 2017 to February 2018; and (vi) a marketing director of Greater China at Informatica (Beijing) Information Technology Limited* (諮科和信(北京)信息技術有限公司 from April 2018 to August 2020.

Mr. Jiang is devoted to marketing innovation and evangelizes the effective new methodologies. He organized the translation and publication of two marketing books: "The Analytical Marketer: How to Transform Your Marketing Organization" and "Account-Based Marketing: How to Target and Engage the Companies That Will Grow Your Revenue".

Ms. Wei Huijuan (魏惠娟), aged 38, is the deputy chief financial officer of our Group and joined our Group in March 2017. She received a graduation certificate for completing a self-taught higher education examination* (高等教育自學考試) in accounting issued by the Guangdong Province Selftaught Examination Committee* (廣東自學考試委員會) and Jinan University (暨南大學) in June 2013 and a graduation certificate for completing a self-taught higher education examination* (高等教育自學考試) in marketing issued by the Hunan Province Higher Education Self-taught Examination Committee* (湖南省高等教育自學考試委員會) and Hunan University of Commerce and Industry (湖南工商大學) in December 2021. She has obtained an intermediate accountant certificate* (中級會計資格證書) issued by the Guangdong Province Human Resources and Social Security Department* (廣東省人力資源和社會保障廳) in February 2016.

She has over 15 years of experience with accounting and financing. Prior to joining our Group, she served as an accounting supervisor at Shenzhen Jiayuanda Technology Co., Ltd.* (深圳市佳源達科技有限公司) from June 2007 to April of 2011. She then served as a finance manager at Dongguan Baoneng Steel Trading Co., Ltd.* (東莞市寶能鋼鐵貿易有限公司) from May 2011 to January 2015. She later served as a finance manager at Shenzhen Wpeak Information System Co., Ltd.* (深圳市浪峰信息系統有限公司) from February 2015 to December 2016.

Ms. Liu Qin (柳琴), aged 36, is the director of our Group's Digital ITS business unit and is responsible for the operational management of our Group's ITS business.

She joined the Group in July 2011 as the manager of the human resources administration department, became the manager of the commercial department in December 2017 and subsequently became the director of the commercial legal department in December 2020. She was awarded a certificate of completion of the Self-Study Examination in Higher Education in Human Resources Management by the Guangdong Higher Education Self-Study Examination Committee and South China University of Technology in December 2020.

She has over 10 years of experience in human resources and business management. Prior to joining our Group, she worked in a number of companies including Emerson Home Appliance Application Technology (Shenzhen) Co.

Mr. Qin Gang (覃剛), aged 50, is the director of our Group's product development department and he joined our Group in March 2021. He graduated from Northeast Power Institute in July 1994 with a bachelor's degree in computer and applications.

He has over 25 years of working experience in the information technology industry. Prior to joining the Group, he worked as (i) a hardware engineer at China Construction Bank Guangdong Branch from July 1994 to April 2000; (ii) an information service consultant at Unisys (China) Limited from August 2000 to June 2003; (iii) a professional service senior consultant at Teradata Technology (Beijing) Co., Ltd.* (天睿信科技術(北京)有限公司) from June 2003 to October 2018; and (iv) a technical director of Guangzhou Octopus Technology Limited* (廣州八爪魚科技有限公司) from November 2018 to March 2021.

Directors, Senior Management and Company Secretary

Ms. Yu Hongcui (余紅翠), aged 39, is the sales director of our Group and joined our Group in November 2014. She received a graduation certificate in Business Administration from Beijing University for Business Administration* (北京工商管理專修學院) in July 2006.

She has over 14 years of experience in the sales and marketing. She started her career as a sales manager assistant at Shenzhen Yulong Tongfang Technology Company Limited* (深圳市育龍同方科技有限公司) from July 2007 to September 2008. She also served as the sales manager of Shenzhen Guigu Mingtian Technology Development Company Limited* (深圳市矽谷明天科技發展有限公司) from September 2008 to September 2014.

Ms. Dong Siqin (董詩琴), aged 37, is our Group's director of human resources and administration and she joined our Group in June 2021. She graduated from Shanxi University of Finance and Economics in July 2008 with a bachelor's degree in English.

She has engaged in human resources related work for over 10 years. Prior to joining the Group, she worked for Neusoft Group (Guangzhou) Limited * (東軟集團(廣州)有限公司) and Shanghai SiRui Information Technology Company Limited * (上海思芮信息科技有限公司) from November 2012 to June 2021 as a senior professional manager of regional human resources administration.

Company Secretary

Ms. Yang Juan (楊娟), aged 37, is the board secretary of our Group and was appointed as the company secretary of our Company on 26 August 2022.

Ms. Yang has over 10 years of relevant working experience as a board secretary. She joined our Group in April 2017 and is responsible for the disclosure of information of our Group's subsidiaries on the National Equities Exchange and Quotations, the preparation of our Company for listing on the Main Board of the Stock Exchange and the disclosure and capital operation related matters after the listing.

Ms. Yang obtained a bachelor's degree in management specializing in accounting from Southwest University in June 2009, a master's degree in business administration from Hong Kong Baptist University in November 2014 and a master's degree in corporate governance from Hong Kong Metropolitan University in March 2022, and was admitted as a member of the Hong Kong Chartered Governance Institute and granted a chartered secretary and chartered governance professional practice qualifications in June 2022. Ms. Yang passed the qualification examination of the Shenzhen Stock Exchange and Shanghai Stock Exchange in October 2014 and January 2017 respectively and was issued a certificate of board secretary. She also obtained the second-phase training certificate for the preparation of Mainland enterprises for listing in Hong Kong, which was jointly issued by the Hong Kong Exchanges and Clearing Limited and the China Business Centre of The Hong Kong Polytechnic University in December 2014.

Directors' Report

The Board presents the Group's annual report and audited consolidated financial statements for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group is a leading enterprise in the field of data intelligence and marketing technology, providing big data, AI and digital marketing solutions and professional consulting services to financial institutions and other enterprises and helping all kinds of enterprises and organizations to fully realize the value of data and accelerate their digital transformation driven by data. The core businesses of the Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services.

BUSINESS REVIEW

The Group's business review for the Reporting Period, using financial key performance indicators, and prospects are set out in the section headed "Management Discussion and Analysis" on pages 11 to 27 of this annual report.

An analysis of the Group's performance for the Reporting Period by business segments and geographical locations is contained in note 5 to the consolidated financial statements.

The above discussions form part of this Directors' Report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 206 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and has not noted any material non-compliance with any relevant laws and regulations in relation to health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmentally friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

The discussion on the Group's environmental policies and performance, the Group's key relationship with employees, customers, suppliers and other stakeholders, and the Group's compliance with the relevant laws and regulations that have significant impact on the Group, can be found in the Environmental, Social and Governance Report set out on pages 85 to 103 of this annual report. These discussions form part of this Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. Factors set out below are the principal risks and uncertainties that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results.

- If the Group fails to keep up with technological advancements of the PRC big data and AI solution industry, its business, financial condition and results of operations may be materially and adversely affected.
- The Group generally do not have long-term contracts with its customers which exposes it to the risk of uncertainty and potential volatility with respect to its revenue.
- If the Group fails to expand its solution and product offerings or develop and deliver solutions and products to meet increasingly complex customer demands and attract new customers, its financial condition and results of operations may be materially and adversely affected.
- The Group's operations and financial results would be adversely affected if it is unable to secure new contracts from existing customers or secure contracts from new customers.
- Actual or alleged failure to comply with data privacy and protection laws and regulations could damage the Group's reputation, and any security and privacy breaches may hurt the business, operations and financial results of the Group.
- The Group's solutions and products may experience quality issues that could have a materially adverse effect on its reputation and customer relationships, which may in turn have a negative impact on its revenue and profitability.

For other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 28 November 2019 (the "**Prospectus**").

SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

ASSOCIATES OF THE COMPANY

Details of the associates of the Company is set out in note 20 to the consolidated financial statements.

DIVIDEND

The Board does not recommend payment of any final dividend for the Reporting Period. The Company is not aware of any arrangements under which a shareholder of the Company (the "**Shareholder(s)**") has waived or agreed to waive any dividends.

DIVIDEND POLICY

The Group adopted a dividend policy. However, the Group does not have a pre-determined dividend payout ratio. Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which the Directors may consider relevant. Subject to the Cayman Islands Companies Act Chapter 22 (Law no. 3 of 1961, as consolidated and amended) (the "**Cayman Companies Laws**") and the articles of associations of the Company (the "**Articles of Association**"), the Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by the Board. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) the Articles of Association, which require any final dividends to be approved by the Shareholders at a general meeting, and (ii) the Cayman Companies Laws, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under applicable PRC laws, each of the subsidiaries of the Group in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

SHARE CAPITAL AND SHARES ISSUED

Details of the share capital of the Company are set out in note 22 to the consolidated financial statements.

Subscription of shares:

(1) On 15 July 2022, the Company (as issuer) entered into subscription agreements with 45 subscribers in respect of the subscription of an aggregate of 20,000,000 subscription shares to be issued under a general mandate at the subscription price of HK$1.24 per share. The subscribers are either the management or the key technical personnel of the Group. The subscription shares are ordinary shares of the Company with an aggregate nominal value of HK$200,000. The net subscription price, after deducting related fees and expenses, is approximately HK$1.23 per subscription share. The closing price of the shares of the Company on the date of the subscription agreements, was HK$1.48 per share. The Company considered that the subscription would provide the subscribers with a direct economic interest in attaining the long-term business objectives of the Company and would reinforce the commitment of the subscribers to the Group by aligning their interests to the Shareholders through ownership of the shares of the Company and their continuing support would be beneficial to the long-term business development and increasing the value of the Group. The Directors also considered that the subscription represented an opportunity for the Group to broaden the capital base and Shareholder base of the Company. Subsequently, considering the change in market conditions and the prevailing prices of the shares, the Company and the relevant subscribers have mutually agreed to terminate such subscription agreements on 30 August 2022. No new shares have been or will be issued under such subscription agreements dated 15 July 2022. For details, please refer to the announcements of the Company dated 15 July 2022 and 30 August 2022.

(2) On 1 September 2022, the Company (as issuer) entered into subscription agreements with 38 general mandate subscribers, Mr. Shi Banchao ("**Mr. Shi**") and 2 connected subscribers (Dr. Wu Fu-Shea ("**Dr. Wu**") and Ms. Wang Jian ("**Ms. Wang**")), pursuant to which the Company has conditionally agreed to issue, and the general mandate subscribers, Mr. Shi and the connected subscribers have conditionally agreed to subscribe for 31,575,598, 32,000,000 and 5,750,000 subscription shares at the subscription price of HK$1.045 per share, respectively. The general mandate subscribers include 36 management and the key technical personnel of the Group and 2 external investors. The subscription shares are ordinary shares of the Company with an aggregate nominal value of HK$693,256. The net subscription price, after deducting related fees and expenses, is approximately HK$1.039 per subscription share. The closing price of the shares of the Company on the date of the subscription agreements, was HK$1.3 per share. The Company considered that the subscription would provide the subscribers with a direct economic interest in attaining the long-term business objectives of the Company and would reinforce the commitment of the subscribers to the Group by aligning their interests to the Shareholders through ownership of the shares of the Company and their continuing support would be beneficial to the long-term business development and increasing the value of the Group. The Directors also considered that the subscription represented an opportunity for the Group to broaden the capital base and shareholders base of the Company. The subscription by the general mandate subscribers was completed on 17 October 2022 and an aggregate of 30,931,598 subscription shares have been issued and allotted to 37 general mandate subscribers. The subscription of 644,000 subscription shares had not proceeded to completion and was terminated as mutually agreed by the Company and the relevant general mandate subscribers. The subscription by Mr. Shi and Dr. Wu was completed on 3 November 2022 and an aggregate of 21,825,000 and 5,450,000 subscription shares have been issued and allotted to Mr. Shi and Dr. Wu, respectively. Mr. Shi, who agreed to subscribe for 32,000,000 subscription shares under the relevant subscription agreement, decided not to proceed with the subscription of the remaining 10,175,000 subscription shares; and Ms. Wang, who agreed to subscribe for 300,000 subscription shares under the relevant subscription agreement, decided not to proceed with the subscription of all such subscription shares. The subscription of the uncompleted portion of the subscription shares was terminated as mutually agreed between the Company and Mr. Shi and Ms. Wang, respectively. For details, please refer to the announcement dated 1 September 2022, the circular dated 1 October 2022, the announcement dated 17 October 2022, the poll results announcement dated 24 October 2022 and announcement dated 3 November 2022 of the Company.

The net proceeds from the subscription amounted to approximately HK$60,195,895, which were intended to be used for (i) repayment of the debts of the Group, and (ii) working capital and general corporate purposes. As at the date of this annual report, the proceeds were used as follows:

Approximately HK$49,705,979 was used for repayment of the debts of the Group.

Approximately HK$10,489,916 was used for working capital and general corporate purposes.

For shares issued under the share option scheme (the "**Share Option Scheme**") and share award scheme (the "**Share Award Scheme**") of the Company, please refer to the section headed "Equity Incentive Plan" of this annual report.

DEBENTURES ISSUED

The Group has not issued any debenture during the Reporting Period.

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out on in the "Consolidated Statement of Changes in Equity" of this annual report and in note 36 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's distributable reserves amounted to approximately RMB15,291,000 under the Cayman Companies Laws.

EQUITY LINKED AGREEMENTS

Save as disclosed in sections headed "Equity Incentive Plan" and "Share Capital and Share Issued" of this annual report and note 37 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Report Period.

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Company and the Group during the Reporting Period are set out in note 13 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and borrowings of the Group as at 31 December 2022 are set out in note 27 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the Group has no donation.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands that would require the Company to offer new shares on a pro-rata basis to existing Shareholders.

Directors' Report

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or controlling shareholders of the Company had any interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors

Mr. Wu Xiaohua
Mr. Shi Banchao *(Appointed as executive Director and Chief Executive Officer on 4 November 2022)*
Mr. Song Hongtao *(Redesignated from executive Director to non-executive Director on 28 March 2022, redesignated from non-executive Director to executive Director on 15 July 2022, resigned as Chairman of the Board on 4 November 2022 and resigned as executive Director on 6 January 2023)*
Mr. Lam Chun Hung Stanley *(Resigned on 1 March 2022)*
Ms. Wang Jing *(Resigned on 1 March 2022)*

Non-Executive Directors

Dr. Wu Fu-Shea *(Chairman of the Board) (Redesignated from executive Director to non-executive Director, resigned as Chief Executive Officer and appointed as Chairman of the Board on 4 November 2022)*
Mr. Chen Zhenping *(Appointed as executive Director on 1 March 2022 and redesignated to non-executive Director on 4 November 2022)*
Ms. Zhao Yue *(Appointed on 4 November 2022)*
Dr. Mo Keqi *(Appointed as executive Director on 1 March 2022, redesignated to non-executive Director on 28 March 2022 and retired on 23 June 2022)*
Mr. Jiang Senlin *(Appointed on 28 March 2022 and retired on 23 June 2022)*

Independent Non-Executive Directors

Dr. Chen Wei *(Appointed on 28 March 2022)*
Mr. Yang Haifeng *(Appointed on 26 August 2022)*
Ms. Dan Xi *(Appointed on 6 January 2023)*
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*
Ms. Zhang Yahan *(Resigned on 28 March 2022)*
Ms. Fan Wenxian *(Appointed on 1 March 2022 and retired on 23 June 2022)*
Mr. Tu Xinchun *(Resigned on 6 January 2023)*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received an annual independence confirmation from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and that all independent non-executive Directors are considered to be independent.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed "Directors, Senior Management and Company Secretary" of this annual report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such permitted indemnity provision has been in force during the Reporting Period. The Company has purchased appropriate liability insurance for its Directors and senior management members.

DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for a term of three years. The terms of service contracts for Mr. Wu Xiaohua and Mr. Shi (the executive Directors) commenced on 13 December 2022 and 4 November 2022, respectively. The terms of service contracts for Dr. Wu, Mr. Chen Zhenping and Ms. Zhao Yue (the non-executive Directors) commenced on 4 November 2022. The aforesaid service contracts may be terminated by either party giving not less than three months' prior notice in writing to the other party.

The independent non-executive Directors have each entered into a letter of appointment with the Company for a period of one year, which is renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of appointment, and terminable by either party giving not less than three months' prior notice in writing to the other party. The terms of the letters of appointment for Dr. Chen Wei, Mr. Yang Haifeng and Ms. Dan Xi commenced on 28 March 2022, 26 August 2022 and 6 January 2023, respectively.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") has a service contract/letter of appointment with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

REMUNERATIONS AND PENSION COSTS/RETIREMENT BENEFITS OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remunerations and pension costs/retirement benefits of the Directors and the five highest paid individuals are set out in notes 33 and 8 to the consolidated financial statements.

None of the Directors has waived any emoluments during the Reporting Period. In addition, no emoluments were paid by the Group to the Directors as an inducement to join the Group, or as compensation for loss of office during the Reporting Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected transactions, continuing connected transactions and related party transactions" of this annual report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' CONTRACTS OF SIGNIFICANCE

No contracts of significance have been entered into between the Company or any of its subsidiaries and the controlling Shareholders of the Company (the "**Controlling Shareholders**") or any of their subsidiaries or for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of its subsidiaries at any time during the Reporting Period.

POTENTIAL CONFLICT OF INTERESTS WITH CONTROLLING SHAREHOLDERS

In order to ensure the Board is capable of performing and managing the Group's business independently from the Controlling Shareholders (being Mr. Song Hongtao and Mindas Touch Global Limited, who have been Controlling Shareholders until 24 January 2022), the Company has adopted corporate governance measures including but not limited to: the independent non–executive Directors will review, on an annual basis, whether there are any conflict of interests between the Group and the Controlling Shareholders, and provide impartial advice; and the Controlling Shareholders have undertaken to provide to the Company all information necessary including all relevant operational, market, financial and any other necessary information for the purpose of annual review by the independent non-executive Directors.

The independent non-executive Directors have conducted such review, and considered that there were no conflict of interests between the Controlling Shareholders and the Group during the Reporting Period. Mr. Song Hongtao and Mindas Touch Global Limited ceased to be the Controlling Shareholders on 24 January 2022. To the best knowledge of the Company, there was no other person being the Controlling Shareholders during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed at the end of the Reporting Period or at any time during the Reporting Period.

REMUNERATION POLICY AND EMPLOYMENT BENEFITS

The Group had 770 employees altogether in the PRC and Hong Kong as at 31 December 2022. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC.

The Directors and senior management of the Group receive compensation in the form of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules and regulations. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Details of the remuneration of the Directors are set out in note 33 to the consolidated financial statements.

The Group have not experienced any significant problems with its employees or disruption to the Group's operations due to labour disputes, nor have experienced any difficulties in the recruitment and retention of experienced staff.

RETIREMENT BENEFITS

The Group has participated in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group does not forfeit any contributions on behalf of its employees who leave these plans prior to full vesting. Accordingly, there was no forfeited contribution available for the Group to reduce the existing level of contributions. Details of the retirement benefits provided by the Group to employees are set out in note 2.23 the consolidated financial statements. Save as the aforesaid, the Group did not participate in any other pension schemes during the Reporting Period.

EQUITY INCENTIVE PLAN

The Share Option Scheme and the Share Award Scheme have been adopted by the Shareholders at the annual general meeting of the Company held on 8 June 2020. The purposes of the Share Option Scheme and the Share Award Scheme are to recognise and motivate the contribution of the eligible participants and to provide incentives and help the Group retain its existing employees and recruiting additional employees and to provide it with a direct economic interest in attaining the long-term business objectives of the Group.

Share Option Scheme

The participants of the Share Option Scheme include any employee, consultant, supplier and/or customer who in the sole discretion of the Board has contributed or may contribute to the Group.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant options to any participants as the Board may in its absolute discretion select. The maximum number of ordinary shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme by the Company shall not exceed 10% of the total number of the shares in issue on 8 June 2020, i.e. 40,000,000 shares, (the "**Share Option Scheme Mandate Limit**") unless Shareholders' approval has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) any options granted under other share option schemes of the Company will not be counted for the purpose of calculating the Share Option Scheme Mandate Limit. The Company may renew the Share Option Scheme Mandate Limit subject to prior Shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as renewed must not exceed 10% of the shares in issue as at the date of approval of the renewal of the Share Option Scheme Mandate Limit.

The maximum number of shares issued and to be issued upon exercise of the share options granted and to be granted to each participant (including both exercised, cancelled and outstanding share options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period is limited to 1% of the shares in issue, unless otherwise separately approved by Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

As at 1 January 2022 and 31 December 2022, the number of options available for grant under the scheme mandate was 39,725,900 and 38,143,167, respectively.

During the Reporting Period, 1,582,733 share options were granted to 56 option grantees who are employees of the Group on 8 April 2022. None of the option grantees was a Director, chief executive or substantial Shareholder of the Company or any of their respective associates as at the date of grant except that Mr. Shi was subsequently appointed as a Director on 4 November 2022. Further details of the grant dated 8 April 2022 are set out in the announcement of the Company dated 8 April 2022 and in note 37 to the consolidated financial statements.

The offer of a grant of share options may be accepted within 21 business days from the date of offer. Upon acceptance of the share options, the duplicate letter comprising acceptance of the option duly signed by the Share Option Scheme grantee together with a remittance in favour of the Company of HK$0.01 or any other amount as determined by the Board by way of consideration for the grant shall be provided. Such remittance shall in no circumstances be refundable. Subject to such terms and conditions as the Board may determine, there is no minimum period for which a share option must be held before it can be exercised.

Subject to the terms of grant of any option, an option may be exercised by the grantee of the option at any time during the exercise period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than ten years after the date of the offer made. The vesting period of options granted under the Share Option Scheme is from the date of grant until the commencement of the exercise period. For options granted to employees, vesting is on the condition that the employees remain in service. There is no performance target that must be achieved before the options can be exercised except otherwise imposed by the Board and stated in the offer of grant of an option. For the options granted during the year ended 31 December 2021 and 31 December 2022, the Board specified performance conditions that must be satisfied before the option can be exercised. These conditions include group financial performance targets and individual key performance indicators.

The exercise price shall be at a price determined by the Board at its absolute discretion and shall be not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the relevant offer date in respect of such option, which must be a trading day; or (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding relevant offer date in respect of such option; or (iii) the nominal value of a Share. In the event of fractional prices, the exercise price per share shall be rounded upwards to the nearest whole cent.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 December 2022 divided by the weighted average number of the shares in issue for the year ended 31 December 2022 is 0.01%.

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 8 June 2020. As at 31 December 2022, the remaining life of the Share Option Scheme was approximately seven years and five months.

As at the date of this annual report, the total number of shares available for issue upon the exercise of the options to be granted under the Share Option Scheme was 38,143,167, representing approximately 7.4% of the total issued shares as at the date of this annual report.

Further details of the Share Option Scheme are set out in circular of the Company dated 28 April 2020 and note 37 to the consolidated financial statements.

The table below sets out details of the outstanding options granted to the grantees under the Share Option Scheme and movements during the Reporting Period:

Name or category of grantee	Date of Grant	Vesting Schedule	Exercise Period	Fair value per share option at the date of grant (HK$)	Exercise Price per Share Option (HK$)	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Closing price of the shares immediately before the date on which the options were granted (HK$)	Weighted average closing price of the shares immediately before the dates on which the options were exercised (HK$)	Forfeited during the year	Lapsed during the year	Exercise price of the forfeited options	Outstanding as at 31 December 2022
Director and senior management														
Mr. Shi	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note 2)	–	25,644	–	5.21	0.8	–	–	–	25,644
Other grantees – Employees														
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024; and after 31 March 2025, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	3.28	6.33 (Note1)	70,000	–	–	6.27	5.32	–	–	–	70,000
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	3.28	6.33 (Note1)	204,100	–	–	6.27	0.8	–	–	–	204,100
In aggregate	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note2)	–	1,557,089	–	5.21	0.8	–	–	–	1,557,089
Sub-total						274,100	1,557,089	–			–	–	–	1,831,189
Total						**274,100**	**1,582,733**	**-**			**-**	**-**	**-**	**1,856,833**

Note 1: The exercise price of the share options represents the highest of: (i) the closing price of HK$6.33 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK$6.246 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK$0.01 per Share.

Note 2: The exercise price of the share options represents the highest of: (i) the closing price of HK$5.38 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK$5.272 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK$0.01 per Share.

Details of the fair value of the options at the date of grant and the accounting standard and policy adopted are set out in note 37 to the consolidated financial statements.

Share Award Scheme

The participants of the Share Award Scheme include any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group whom the Board in its sole discretion considers may contribute or have contributed to the Group.

Subject to the terms of the Share Award Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant restricted shares (the "**Restricted Shares**") to any participants as the Board may in its absolute discretion select, such Restricted Shares can be satisfied by (i) new shares issued by the Company at par, (ii) existing shares purchased by the trustee on the market, in either case out of cash paid by the Company by way of settlement to the trustee pursuant to the Share Award Scheme or (iii) returned shares or further shares awarded under the Share Award Scheme. The Company has appointed Trident Trust Company (HK) Limited or its wholly owned subsidiary, being SXD Talent Success Limited, as the trustee of the Share Award Scheme.

The maximum number of Restricted Shares which may be awarded under the Share Award Scheme by the Company or held by the trustee under the Share Award Scheme shall not exceed 5% of the total number of the shares in issue on 8 June 2020, i.e. 20,000,000 Shares, (the "**Share Award Scheme Limit**"). Restricted Shares awarded but cancelled, lapsed and/or not yet vested are all excluded from the Share Award Scheme Limit. The Company may refresh the Share Award Scheme Limit subject to prior approval from the Board but in any event, the total number of Restricted Shares which may be awarded under the Share Award Scheme or held by the trustee under the Share Award Scheme under the limit as refreshed must not exceed 5% of the shares in issue as at the date of approval of the refreshment of the Share Award Scheme Limit. The maximum number of Restricted Shares to be awarded to each grantee under the Share Award Scheme is limited to 1% of the issued share capital of the Company as at 8 June 2020 or at the date on which the Share Award Scheme Limit is refreshed.

As at 1 January 2022 and 31 December 2022, the number of Restricted Shares available for grant under the scheme mandate was 14,027,678 and 13,289,099, respectively.

As at the date of this annual report, the total number of Restricted Shares available for grant under the Share Award Scheme was 13,289,099, representing approximately 2.6% of the total issued shares as at the date of this annual report.

The Company shall comply with the relevant Listing Rules when granting the Restricted Shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

Nil consideration is required to be paid by the eligible participants for the grant of Restricted Shares under the Share Award Scheme. The vesting period of Restricted Shares granted under the Share Award Scheme may differ among the grantees. For Restricted Shares granted to employees, vesting is on the condition that the employees remain in service. For the Restricted Shares granted during the year ended 31 December 2021 and 31 December 2022, the Board specified performance conditions that must be satisfied before vesting in the relevant grant letters. These conditions include group financial performance targets and individual key performance indicators.

The number of shares that may be issued in respect of awards granted under the Share Award Scheme during the year ended 31 December 2022 divided by the weighted average number of the shares in issue for the year ended 31 December 2022 is 0.49%.

As at 31 December 2022, the remaining life of the Share Award Scheme was approximately seven years and five months.

Further details of the Share Award Scheme are set out in circular of the Company dated 28 April 2020 and note 37 to the consolidated financial statements.

The table below sets out details of the Restricted Shares granted to the grantees under the Share Award Scheme and movements during the Reporting Period:

Name or category of share grantee	Date of grant	Vesting Schedule	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Purchase price of share awards (HK$)	Unvested as at 1 January 2022	Granted during the year	Vested during the year	Cancelled during the year	Purchase price of the cancelled awards	Lapsed during the year	Unvested as at 31 December 2022	Weighted average closing price of the shares immediately before the vesting date (HK$)
To be satisfied by new shares issued/to be issued													
Director and senior management													
Ms. Wang	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	–	260,000	–	65,000	–	–	–	195,000	5.32
Mr. Shi	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	–	–	59,835	–	–	–	–	59,835	0.8
Sub-total						260,000	59,835	65,000	–			254,835	
Other grantees – Employees													
In aggregate	28 December 2021	100% of the Restricted Share granted shall be vested on the last trading day before 30 June 2022	6.27	6.33	–	731,000	–	605,000	126,000	–	–	–	1.39
In aggregate	28 December 2021	100% of the Restricted Share granted shall be vested on the last trading day before 31 December 2022	6.27	6.33	–	92,000	–	92,000	–	–	–	–	2.05
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	–	2,482,358	–	587,862	32,721	–	–	1,861,775	5.32
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	–	78,900	–	–	–	–	–	78,900	0.8
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2022 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	–	760,000	–	213,000	36,000	–	–	511,000	5.32
In aggregate	28 December 2021	30% of the Restricted Share granted would be vested as soon as practicable 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	–	879,247	–	376,817	–	–	–	502,430	9.2
In aggregate	28 December 2021	100% of the Restricted Share granted shall be vested on the last trading day before 30 June 2022	6.27	6.33	–	12,000	–	12,000	–	–	–	–	1.39
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	–	14,000	–	35,000	–	–	–	105,000	5.32
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	–	24,000	–	–	–	–	–	24,000	0.8

Name or category of share grantee	Date of grant	Vesting Schedule	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Purchase price of share awards (HK$)	Unvested as at 1 January 2022	Granted during the year	Vested during the year	Cancelled during the year	Purchase price of the cancelled awards	Lapsed during the year	Unvested as at 31 December 2022	Weighted average closing price of the shares immediately before the vesting date (HK$)
In aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	–	–	546,772	–	–	–	–	546,772	0.8
In aggregate	8 April 2022	30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2022 30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2023 40% of the Restricted Share granted shall be vested on the first trading day after 30 June 2024	5.21	5.38	–	–	100,000	30,000	–	–	–	70,000	0.8
In aggregate	8 April 2022	60% of the Restricted Share granted would be vested as soon as practicable 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	5.21	5.38	–	–	31,972	19,183	–	–	–	12,789	0.8
Sub-total						5,073,505	678,744	1,970,862	194,721		–	3,712,666	
To be satisfied by existing shares													
Other grantees (employees) in aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	–	–	40,000	–	–	–	–	40,000	0.8
Total						**5,333,505**	**778,579**	**2,035,862**	**194,721**		**–**	**4,007,501**	

Details of the fair value of the Restricted Shares at the date of grant and the accounting standard and policy adopted are set out in note 37 to the consolidated financial statements.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

1. Connected Transaction – Grant of Restricted Shares to connected persons

On 28 December 2021, the Board resolved to recommend granting of 436,000 Restricted Shares under Share Award Scheme by way of issue and allotment of new shares under specific mandate to Ms. Wang, who was a Director at the time, Mr. Zhi Lei, Mr. Luo Yi, Mr. Li Jinglan and Mr. Cao Xiaopeng, who were directors of the subsidiaries of the Company, and Ms. Mo Jiabi, who was the supervisor of the subsidiary of the Company, all of whom were accordingly regarded as connected persons of the Company.

Pursuant to the Share Award Scheme rules, the Restricted Shares shall be granted to the share award grantees for nil consideration. Based on the closing price of HK$6.33 per Share as quoted on the Stock Exchange as at the date of grant, the market value of the Restricted Shares granted to such connected persons was HK$2,759,880. Based on the average closing price of the shares for the five consecutive trading days immediately preceding the date of grant as quoted on the Stock Exchange which is HK$6.246 per share, the market value of the Restricted Shares granted to such connected persons was HK$2,723,256. The new shares were issued on 4 May 2022 and are held on trust by the trustee for the share award grantees until the end of each vesting period which may differ among the share award grantees and be transferred to the share award grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant of Restricted Shares.

The above transaction constituted a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, which was approved by independent Shareholders of the Company at the extraordinary general meeting held on 16 February 2022. Details of which were set out in the announcement, circular, poll results announcement, next day disclosure return and monthly return on movements in securities of the Company dated 28 December 2021, 21 January 2022, 16 February 2022, 4 May 2022 and 1 June 2022 respectively.

On 8 April 2022, the Board resolved to grant of 40,000 Restricted Shares under Share Award Scheme, which was to be satisfied by the existing shares to be purchased by the trustee from the open market by utilising the Company's resources provided to the trustee and in accordance with the terms of the Share Award Scheme rules. The awards were granted to Mr. Li Jinglan and Mr. Cao Xiaopeng, who were directors of a subsidiary of the Company, all of whom accordingly were regarded as connected persons of the Company.

Pursuant to the Share Award Scheme rules, the Restricted Shares shall be granted to the share award grantees for nil consideration. Based on the closing price of HK$5.38 per share as quoted on the Stock Exchange as at the date of grant, the market value of the Restricted Shares granted to such connected persons was HK$215,200. Based on the average closing price of the shares for the five consecutive trading days immediately preceding the date of grant as quoted on the Stock Exchange which is HK$5.272 per Share, the market value of the Restricted Shares granted to such connected persons was HK$210,800.

The existing shares to be purchased to satisfy the grants would be held on trust by the trustee for the share award grantees until the end of each vesting period which may differ among the share award grantees and be transferred to the share award grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant of Restricted Shares.

The above transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules which is fully exempt from reporting, announcement and shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules. Details of which were set out in the announcement of the Company dated 8 April 2022.

For the purpose of the grant of Restricted Shares to connected persons, please refer to the section headed "EQUITY INCENTIVE PLAN" in this Directors' Report.

2. Connected Transaction – Issue of New Shares

On 1 September 2022, the Company (as issuer) entered into subscription agreements (the "**Subscription Agreements**") with, among other subscribers, Dr. Wu and Ms. Wang, pursuant to which the Company conditionally agreed to issue, and Dr. Wu and Ms. Wang conditionally agreed to subscribe for 5,450,000 and 300,000 subscription shares at the subscription price of HK$1.045 per Share, respectively. The subscription price was arrived after arm's length negotiations between the Company and each of the subscribers and was determined with reference to the then recent market prices of the shares which exhibited a general downward trend since January 2022 and fluctuated to HK$1.300 per share on the date of the Subscription Agreements and the prevailing market conditions where the stock market had been trading at low sentiment due to the impacts of the COVID-19 pandemic as well as the possible increase in interest rate by the Federal Reserve of the United States.

In view of the roles and responsibilities of Dr. Wu and Ms. Wang in the Group, the Company considered that the subscription by Dr. Wu and Ms. Wang would provide them with a direct economic interest in attaining the long-term business objectives of the Company and would reinforce the commitment of Dr. Wu and Ms. Wang to the Group by aligning their interests to the Shareholders through ownership of the shares and their continuing support would be beneficial to the long-term business development and increasing the value of the Group. The Directors also considered that the subscription by Dr. Wu and Ms. Wang represented an opportunity for the Group to broaden the capital base of the Company.

As at the date of the Subscription Agreements, Dr. Wu was an executive Director and Chief Executive Officer of the Company and Ms. Wang was a former executive Director who resigned on 1 March 2022 and acted as the vice president of the Group. Accordingly, the above transaction constituted a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, which was approved by independent Shareholders of the Company at the extraordinary general meeting held on 24 October 2022. Completion of the subscription took place on 3 November 2022 and 5,450,000 subscription shares were allotted to Dr. Wu, whereas Ms. Wang decided not to proceed with the subscription of all such subscription shares.

For details, please refer to the announcement, circular, poll results announcement and announcement of the Company dated 1 September 2022, 1 October 2022, 24 October 2022 and 3 November 2022, respectively.

3. Continuing Connected Transactions – Technical Services Agreements

On 1 April 2021, Suoxinda Shenzhen, an indirect wholly-owned subsidiary of the Company, had entered into a technical services agreement for the big data platform (together with its supplemental agreement, the "**Technical Services Agreements**") with Guangzhou Octopus Technology Co., Ltd* (廣州八爪魚科技有限公司) ("**Guangzhou Octopus Technology**"), pursuant to which Suoxinda Shenzhen shall provide technology development services to Guangzhou Octopus Technology by supplying technical personnel for the provision of technology development and maintenance services for a term from 1 April 2021 to 30 December 2022. The total service fees were capped at RMB6,425,604.00 (inclusive of tax). The service fees payable by Guangzhou Octopus Technology to the Group from 1 April 2021 to 31 December 2021 and from 1 January 2022 to 30 December 2022 were RMB4,890,831.82 and RMB1,534,772.18, respectively. The service fees payable by Guangzhou Octopus Technology to Suoxinda Shenzhen shall be calculated based on the actual service hours and the agreed fee rates for each technical staff as stipulated in the Technical Services Agreements. The service fees were determined after arm's length negotiations between the relevant parties after taking into account (i) the experience and qualifications of the technical personnel supplied; (ii) the labour costs associated with the technical personnel supplied; (iii) the nature and the complexity of the development projects; (iv) duration of the development projects; and (v) the prevailing market rates for similar services.

The purpose of the transaction was to leverage the Group's technical expertise and technological know-how in the big data industry to supply the technology development and maintenance services to Guangzhou Octopus Technology on normal commercial terms, thus broadening the Group's customer and revenue base.

Guangzhou Octopus Technology was not a connected person of the Company as at the date of the Technical Services Agreements. Following the appointment of Mr. Shi as an executive Director and Chief Executive Officer on 4 November 2022, Ms. Jiang Yadong ("**Ms. Jiang**"), being the spouse of Mr. Shi, became a connected person of the Company by virtue of Rule 14A.12(1)(a) of the Listing Rules.

Guangzhou Octopus Technology is owned as to approximately 86.5% by Guangzhou Baxianguohai Technology Development Partnership (Limited Partnership)* (廣州八仙過海科技開發合夥企業(有限合夥))("**Baxianguohai**") and approximately 13.5% by Guangzhou Kunpengzhanchi Technology Development Partnership (Limited Partnership)* (廣州鯤鵬展翅科技開發合夥企業(有限合夥))("**Kunpengzhanchi**"). Baxianguohai is owned as to 31% by Ms. Jiang and 40% by Ms. Lv Delan, the mother-in-law of Mr. Shi, while Kunpengzhanchi is owned as to 99% by Ms. Jiang. Accordingly, Guangzhou Octopus Technology is a majority-controlled company held by a relative together with an immediate family member of Mr. Shi and a deemed connected person of the Company by virtue of Rule 14A.21(b) of the Listing Rules. As such, the Technical Services Agreements with Guangzhou Octopus Technology became continuing connected transactions for the Company following the appointment of Mr. Shi as an executive Director and Chief Executive Officer under Chapter 14A of the Listing Rules. For details, please refer the announcement of the Company dated 4 November 2022.

4. Connected Transaction – Property Lease Agreement

On 1 August 2022, Guangzhou Branch of Suoxinda Beijing had entered into a property lease agreement (the "**Property Lease Agreement**") with Ms. Jiang, pursuant to which Ms. Jiang agrees to lease a property located in Room 111, No. 170, Middle Hanxing Road, Zhongcun Street, Panyu District, Guangzhou, the PRC with a gross area of 141.0833 square meters (the "**Property**") to Guangzhou Branch of Suoxinda Beijing for office use for a period of 5 years from 1 August 2022 to 31 July 2027 (both days inclusive). The rent shall be RMB23,000.00 per month (inclusive of tax) and the rent shall be increased at the rate of 10% annually. The rent were determined after arm's length negotiations between the relevant parties after taking into account the prevailing market rents of comparable properties in the vicinity.

The Board considered that it was in the Group's interest in terms of cost, time and stability to continue to lease the Property from Ms. Jiang, instead of relocating the office to other alternative properties.

Ms. Jiang was not a connected person of the Company as at the date of the Property Lease Agreement. Following the appointment of Mr. Shi as an executive Director and Chief Executive Officer on 4 November 2022, Ms. Jiang, being the spouse of Mr. Shi, became a connected person of the Company by virtue of Rule 14A.12(1)(a) of the Listing Rules. As such, the Property Lease Agreement with Ms. Jiang became a connected transaction for the Company following the appointment of Mr. Shi as an executive Director and Chief Executive Officer under Chapter 14A of the Listing Rules. For details, please refer the announcement of the Company dated 4 November 2022.

For continuing connected transactions, our Group has adopted clear pricing policies and guidelines and adopted procedures for determining the prices and terms of the transactions in accordance with the relevant pricing policies and guidelines. The Company has complied with all such policies and procedures as well as all the relevant requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, during the Reporting Period, the Group did not enter into any other connected transaction or continuing connected transaction which is required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors have reviewed the continuing connected transactions mentioned under section 3 (the "**Continuing Connected Transactions**"), and confirmed that the Continuing Connected Transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to relevant agreement governing them, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONFIRMATION FROM THE AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company have provided a letter to the Board confirming that, for the Reporting Period, nothing has come to their attention that causes them to believe that the above Continuing Connected Transactions:

(i) have not been approved by the Board;

(ii) for those transactions involving the provision of goods or services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the agreements governing such transactions; or

(iv) have exceeded the respective annual caps.

Details of the related party transactions undertaken by the Group are set out in note 31 to the consolidated financial statements. The Directors consider that those related party transactions, other than the transactions as disclosed above, did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/ Short Position
Mr. Chen Zhenping	Beneficial owner	60,980,000	13.06	Long position
Mr. Wu Xiaohua	Interest in controlled corporation(1)	29,490,000	6.31	Long position
Mr. Shi	Beneficial owner(2)	22,650,835	4.85	Long position
Dr. Wu	Beneficial owner	11,450,000	2.45	Long position
Mr. Song(3)	Beneficial owner	5,000,000	1.07	Long position

Notes:

1. Mr. Wu Xiaohua held 100% equity interest in Ideal Treasure Holdings Limited. Accordingly, Mr. Wu Xiaohua was deemed to be interested in the 29,490,000 shares held by Ideal Treasure Holdings Limited pursuant to Part XV of the SFO.

2. The 22,650,835 shares held by Mr. Shi included 59,835 Restricted Shares granted under the Share Award Scheme. Mr. Shi also held 25,644 options granted under the Share Option Scheme.

3. Mr. Song resigned as executive Director on 6 January 2023.

Save as disclosed above, as at 31 December 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as it is known to the Directors and the chief executive of the Company, the following corporations or persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Company's Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/ Short Position
Mr. Wang Donglin[1]	Beneficial owner	70,003,840	14.99	Long position
深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited) [1]	Beneficial owner	70,003,840	14.99	Long position
Mindas Touch Global Limited[1]	Interest of controlled corporation	70,003,840	14.99	Long position
北京金融街資本運營集團有限公司 (Beijing Financial Street Capital Operation Group Co., Ltd) [2]	Person having a security interest in shares	66,080,000	14.15	Long position
Ms. Wu Xinlan[3]	Interest of spouse	60,980,000	13.06	Long position
Benefit Ocean Holdings Limited[4]	Beneficial owner	44,000,000	9.42	Long Position
Ms. Xia Liping[4]	Interest of controlled corporation	44,000,000	9.42	Long Position
Mr. Zhu Zhenkui[5]	Interest of spouse	44,000,000	9.42	Long Position
Ideal Treasure Holdings Limited[6]	Beneficial owner	29,490,000	6.31	Long position
Ms. Chi Xianfang[7]	Interest of spouse	29,490,000	6.31	Long position

Notes:

1. According to the disclosure of interests as set out on the website of the Stock Exchange, Mr. Wang Donglin's shareholding in the Company is held through Mindas Touch Global Limited. Mindas Touch Global Limited is wholly owned by 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited), which is wholly owned by Mr. Wang Donglin. Accordingly, Mr. Wang Donglin and 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited) were deemed to be interested in these Shares pursuant to Part XV of the SFO.

2. According to the disclosure of interests as set out on the website of the Stock Exchange, 北京金融街資本運營集團有限公司 (Beijing Financial Street Capital Operation Group Co., Ltd) was interested in 66,080,000 Shares as person having a security interest in shares.

3. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Wu Xinlan is the spouse of Mr. Chen Zhenping and was therefore deemed to be interested in the 60,980,000 Shares in which Mr. Chen Zhenping was interested pursuant to Part XV of the SFO.

4. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Xia Liping held 100% equity interest in Benefit Ocean Holdings Limited. Accordingly, Ms. Xia Liping was deemed to be interested in the 44,000,000 Shares held by Benefit Ocean Holdings Limited pursuant to Part XV of the SFO.

5. Mr. Zhu Zhenkui is the spouse of Ms. Xia Liping and was therefore deemed to be interested in the 44,000,000 Shares in which Ms. Xia Liping was interested pursuant to Part XV of the SFO.

6. The above interest is also disclosed as the interest of Mr. Wu Xiaohua in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

7. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Chi Xianfang is the spouse of Mr. Wu Xiaohua and was therefore deemed to be interested in the 29,490,000 Shares in which Mr. Wu Xiaohua was interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2022, so far as it is known to the Directors and the chief executive of the Company, no person, other than the Directors or the chief executive whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, has an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as the grants and awards made under the Share Option Scheme and Share Award Scheme as disclosed above, neither at the end of nor at any time during the Reporting Period there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the objects of or one of the objects of such arrangement are/is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the holders of the securities of the Company by reason of their holding of the Company's securities.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in this annual report, during the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, the revenue generated from the Group's top five customers accounted for 45.0% of the Group's total revenue, while the revenue generated from the Group's largest customer accounted for 24.5% of the Group's total revenue.

Major Suppliers

For the Reporting Period, the total purchases from the Group's top five suppliers accounted for 69.8% of the total purchases, while the purchases from the Group's largest supplier accounted for 40.1% of the Group's total purchases.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the issued Shares) was interested in the top five customers or suppliers of the Group.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Shares of the Company were listed on the Stock Exchange on 13 December 2019 (the "**Listing Date**") by way of share offer (the "**Share Offer**"). The Company offered 100,000,000 Shares at an offer price of HK$1.50 per Share. According to the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"), the actual net proceeds of the Share Offer was approximately HKD104.0 million after deduction of listing expenses (the "**Net Proceeds**").

Set out below is the status of the use of Net Proceeds from the Share Offer:

	Allocation percentage % of Net Proceeds	Allocation of the Net Proceeds (HK$ million)	Utilised Net Proceeds as at 31 December 2022 (HK$ million)	Unutilised Net Proceeds as at 31 December 2022 (HK$ million)
Strengthening and expansion of our data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain our employees	20%	20.8	20.8	–
Enhancement of our sales and marketing efforts including corporate branding activities (Note)	20%	20.8	20.8	–
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen (Note i)	35%	36.4	32.9	3.5
Potential strategic acquisition to supplement our organic growth (Note ii)	6.35%	6.6	5.0	1.6
Working capital and other general corporate purposes (Note ii)	18.65%	19.4	19.4	–
Total	100%	104.0	98.9	5.1

(i) As disclosed in the announcements of the Company dated 2 December 2020 and 24 December 2021, the Company originally intended to apply approximately 35.0% of the Net Proceeds from the Share Offer, or approximately HK$36.4 million for the development of the financial AI laboratory, the display centre and office facilities of the Haina Property (as defined in the 2019 Annual Report) in Shenzhen. However, as one of the conditions precedent for the completion of acquisition of the Haina Property (as defined in the 2019 Annual Report) could not be fulfilled, the Company terminated the acquisition of the Haina Property (as defined in the 2019 Annual Report) with the relevant seller on 2 December 2020. As a result, the Board intend to apply the unutilised Net Proceeds for such purpose to search for new locations for the development of the Group's financial AI laboratory, display centre and office facilities. The Board has also subsequently resolved to extend the timetable for using all the unutilised Net Proceeds to on or before 31 December 2022 for the Group's long term business development and better utilisation of the unutilised Net Proceeds. As additional time is needed for searching suitable locations, the Board has further resolved to extend the timetable for using the remaining proceeds of approximately HK$3.5 million for development of the financial AI laboratory, the display centre and office facilities to by 31 August 2023.

(ii) As disclosed in the announcement of the Company dated 24 December 2021, the Company originally intended to apply approximately 15.0% of the Net Proceeds from the Share Offer, or approximately HK$15.6 million for the potential strategic acquisition to supplement the Group's organic growth. However, the Company has yet to identify new suitable targets for acquisition that the Board considers to be beneficial to our Group and the shareholders as a whole. As a result, the Board has resolved to re-allocate approximately HK$9.0 million for potential strategic acquisition to supplement the Group's working capital and for general corporate purpose to enhance the efficiency in capital use. The Board has also resolved to extend the timetable for using all the unutilised Net Proceeds to on or before 31 December 2022 for the Group's long term business development and better utilisation of the unutilised Net Proceeds. As at the date of this annual report, all of the remaining proceeds of approximately HK$1.6 million for strategic acquisition to supplement our organic growth has been fully utilised by the Company.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the despatch of this annual report, the Company has maintained a sufficient public float for the issued Shares (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules as at the latest practicable date prior to the despatch of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 15 January 2023, the Company (as issuer) entered into subscription agreements with no less than 6 subscribers in respect of the subscription of an aggregate of 50,800,000 shares of the Company at the subscription price of HK$0.645 per share (the "**January Subscription**"). The January Subscription was completed on 22 February 2023 and an aggregate of 50,800,000 shares of the Company were issued and allotted to no less than 6 subscribers. After deducting related fees and expenses, the net proceeds of the January Subscription amounted to approximately HK$31,533,000. The Company intends to utilise the aforesaid net proceeds from the January Subscription for working capital and general corporate purposes. For details, please refer to the announcements of the Company dated 15 January 2023 and 22 February 2023 and the next day disclosure return dated 22 February 2023.

Directors' Report

On 19 March 2023, the Company (as issuer) entered into subscription agreements with no less than 6 subscribers in respect of the subscription of an aggregate of 175,500,000 shares of the Company at a subscription price of HK$0.76 per share, which are to be issued under a specific mandate to be sought from the shareholders at the general meeting of the Company. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the said subscription shares. For details, please refer to the announcement of the Company dated 19 March 2023.

Save as disclosed above, there were no important events affecting the Group that have occurred after 31 December 2022 and up to the date of this annual report.

AUDIT COMMITTEE

The Company has established the Audit Committee comprising the existing independent non-executive Directors, namely Mr. Yang Haifeng, Dr. Chen Wei and Ms. Dan Xi. The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the auditors of the Company. Based on this review and discussions with the management and the auditors, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 62 to 84 of this annual report.

AUDITOR

The consolidated financial statements of the Group for the Reporting Period have been audited by ZHONGHUI ANDA CPA LIMITED ("**ZHONGHUI ANDA**"), who will retire at the conclusion of the Annual General Meeting and, being eligible, will offer themselves for re-appointment. A resolution will be submitted to the Annual General Meeting to seek Shareholders' approval on the re-appointment of ZHONGHUI ANDA as the auditor of the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Corporate Governance Report, for the Reporting Period, the Group is not aware of any material non–compliance with any relevant legislation or regulations that materially affect the Group's business and operations.

DETAILS OF PERFORMANCE GUARANTEE UNDER RULE 14.36B

As disclosed in the announcement of the Company date 9 December 2020, pursuant to an equity transfer agreement (the "**Equity Transfer Agreement**") dated 9 December 2020 entered into among Suoxinda Beijing as purchaser, and Cao Zhongjun (曹忠軍), Li Jinglan (李靜嵐) and Mai Meiqi (麥美琦) as vendors (the "**Vendors**") in relation to the acquisition of 56% of the equity interest in Shenzhen Yinxing Intelligent Data Co., Ltd. (深圳銀興智能數據有限公司) (the "**Target Company**") by Suoxinda Beijing (the "**Acquisition**"). The Vendors have warranted and guaranteed to Suoxinda Beijing that the Target Company shall meet the following performance targets with regards its revenue and net profit for the financial years ending 31 December 2021 and/or 2022:

	Revenue (RMB'000)	**Net profit** (RMB'000)
Financial year ending 31 December 2021	50,000	5,000
Financial year ending 31 December 2022	60,000	6,000

Pursuant to the Equity Transfer Agreement, the Vendors shall make cash compensation to Suoxinda Beijing, the amount of which depends on the percentage of performance targets that the Target Company attains for the financial years ending 31 December 2021 and 2022. Further, if the revenue and net profit of the Target Company for the financial year ended 31 December 2020 is less than RMB15 million or RMB1.5 million, respectively, then Suoxinda Beijing has the right to adjust the valuation of the Target Company in which case the Vendors shall then return the excess consideration received. For details, including the calculation of compensation to be paid by the Vendors, please refer to the announcement of the Company dated 9 December 2020.

Based on the audited accounts of the Target Company, the revenue and net profit of the Target Company for the years ended 31 December 2020, 2021 and 2022 met the guaranteed revenue and net profit.

By order of the Board
Wu Fu-shea
Chairman of the Board

Hong Kong, 27 March 2023

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the Reporting Period.

CORPORATE CULTURE

The Group recognizes that a good corporate culture is necessary to support and complement its corporate governance efforts and corporate image, and has gradually developed a corporate culture emphasising on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group, in order to facilitate the long-term sustainability of the Group. In order to promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established anti-corruption and whistle-blowing policies, to provide guidance on identifying relevant breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please refer to the Environmental, Social and Governance Report.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices.

Following the retirement of Dr. Mo Keqi and Mr. Jiang Senlin as non-executive Directors, and Ms. Fan Wenxian as an independent non-executive Director on 23 June 2022, the Company was not able to comply with the requirements under Rules 3.05, 3.10(1), 3.21 and 3.27A of the Listing Rules. On 15 July 2022, the Company has appointed Mr. Song Hongtao as an authorised representative, the Company has been in compliance with the requirements under Rule 3.05 of the Listing Rules. On 26 August 2022, the Company appointed Mr. Yang Haifeng as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee and Dr. Chen Wei as the chairman of the Nomination Committee. The Company has been in compliance with the requirements under Rules 3.10(1), 3.21 and 3.27A of the Listing Rules. Save as disclosed, the Board has reviewed the Company's corporate governance practices and is satisfied that the Company had complied with all the code provisions set out in the Part 2 of CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' dealing in the Company's securities.

Having made specific enquiry to all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

The Company has also adopted the Model Code as the standard of dealings in the Company's securities by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has reviewed the contribution of the Directors in respect of performing their responsibilities and the time they devoted to the Company.

The Board of the Company was comprised of the following Directors during the Reporting Period and up to the date of this annual report:

Executive Directors

Mr. Wu Xiaohua
Mr. Shi Banchao
(Appointed as executive Director and Chief Executive Officer on 4 November 2022)
Mr. Lam Chun Hung Stanley *(Resigned on 1 March 2022)*
Ms. Wang Jing *(Resigned on 1 March 2022)*
Mr. Song Hongtao
(Redesignated from executive Director to non-executive Director on 28 March 2022, redesignated from non-executive Director to executive Director on 15 July 2022, resigned as Chairman of the Board on 4 November 2022 and resigned as executive Director on 6 January 2023)

Non-Executive Directors

Dr. Wu Fu-Shea *(Chairman of the Board)*
(Redesignated from executive Director to non-executive Director, resigned as Chief Executive Officer and appointed as Chairman of the Board on 4 November 2022)
Mr. Chen Zhenping
(Appointed as executive Director on 1 March 2022, and redesignated to non-executive Director on 4 November 2022)
Ms. Zhao Yue (Appointed on 4 November 2022)
Dr. Mo Keqi
(Appointed as executive Director on 1 March 2022, redesignated to non-executive Director on 28 March 2022 and retired on 23 June 2022)
Mr. Jiang Senlin *(Appointed on 28 March 2022 and retired on 23 June 2022)*

Independent Non-executive Directors

Dr. Chen Wei *(Appointed on 28 March 2022)*
Mr. Yang Haifeng *(Appointed on 26 August 2022)*
Ms. Dan Xi *(Appointed on 6 January 2023)*
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*
Ms. Zhang Yahan *(Resigned on 28 March 2022)*
Ms. Fan Wenxian *(Appointed on 1 March 2022 and retired on 23 June 2022)*
Mr. Tu Xinchun *(Resigned on 6 January 2023)*

The biographical information of the current Directors are set out in the section headed "Directors, Senior Management and Company Secretary" in this annual report. None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held a meeting with independent non–executive Directors only without the presence of other Directors during the Reporting Period.

A summary of the attendance records of the Directors at 13 Board meetings held during the Reporting Period is set out below:

Directors	Number of Attendance/Number of Board Meetings Eligible to Attend
Executive Directors	
Mr. Wu Xiaohua	13/13
Mr. Shi Banchao *(Appointed as executive Director and Chief Executive Officer on 4 November 2022)*	1/1
Mr. Lam Chun Hung Stanley *(Resigned on 1 March 2022)*	3/4
Ms. Wang Jing *(Resigned on 1 March 2022)*	3/4
Mr. Song Hongtao *(Redesignated from executive Director to non-executive Director on 28 March 2022, redesignated from non-executive Director to executive Director on 15 July 2022 and resigned on 6 January 2023)*	13/13
Non-Executive Directors	
Dr. Wu Fu-Shea *(Redesignated from executive Director to non-executive Director, resigned as Chief Executive Officer on 4 November 2022)*	13/13
Mr. Chen Zhenping *(Appointed as executive Director on 1 March 2022 and redesignated from executive Director to non-executive Director on 4 November 2022)*	9/9
Ms. Zhao Yue *(Appointed on 4 November 2022)*	1/1
Dr. Mo Keqi *(Appointed as executive Director on 1 March 2022, redesignated to non-executive Director on 28 March 2022 and retired on 23 June 2022)*	4/4
Mr. Jiang Senlin *(Appointed on 28 March 2022 and retired on 23 June 2022)*	3/3
Independent Non-Executive Directors	
Dr. Chen Wei *(Appointed on 28 March 2022)*	8/8
Mr. Yang Haifeng *(Appointed on 26 August 2022)*	2/3
Ms. Dan Xi *(Appointed on 6 January 2023)*	N/A
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	3/4
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	4/5
Ms. Fan Wenxian *(Appointed on 1 March 2022 and retired on 23 June 2022)*	4/4
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	10/13

Chairman and Chief Executive Officer

As at the end of the Reporting Period, the positions of chairman and chief executive officer of the Company were held by Dr. Wu and Mr. Shi respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Reporting Period, save as disclosed in the above paragraph headed "Corporate Governance Practices", the Board met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received written annual confirmation from each of the independent non-executive Directors as at the end of the Reporting Period in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors as at the end of the Reporting Period are independent.

Board Independence

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all independent non-executive Directors; and (iii) the Directors are entitled to seek, at the Group's expense, independent professional advice reasonably necessary for discharging their duties as Directors. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the mechanism and considered it to be effective.

The Board authorises the management to implement the business strategies and has formulated clear written guidelines which stipulate the circumstances where the management should report to and obtain prior approval from the Board before making decisions or entering into any contracts and commitments on behalf of the Group. The Board will conduct regular reviews on these authorisation and guidelines.

Appointment and Re-election of Directors

All Directors are appointed for a specific term. Each of the executive Directors and non-executive Directors is engaged on a service contract for a term of 3 years, which may be terminated by either party by not less than three months' written notice. Each of the independent non-executive Directors is appointed for a term of one year and renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by either party giving to the other not less than 3 months' prior notice in writing.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the members of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

Corporate Governance Report

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

According to the code provision D.1.2 of part 2 of the CG Code, the management shall provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 under the Listing Rules. The Company has provided all member of the Board monthly updates of financial, compliance and operation matters to enhance the corporate governance of the Group and provide more adequate and complete information to the Board in a timely manner.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors.

For the Reporting Period and up to the date of this annual report, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

All the Directors named in the section headed "Board Composition" in this Corporate Governance Report confirmed that they have complied with the code provision C.1.4 of part 2 of the CG Code during the Reporting Period by participating in appropriate continuous professional development activities, and reading materials relating to regulatory updates and handouts or reviewing the papers and circulars sent by the Company.

The training records of the Directors for the Reporting Period are summarised as follows:

Directors	Types of Training Note
Mr. Wu Xiaohua	A+B
Mr. Shi Banchao	A+B
Mr. Lam Chun Hung Stanley *(Resigned on 1 March 2022)*	A+B
Ms. Wang Jing *(Resigned on 1 March 2022)*	A+B
Mr. Song Hongtao *(Resigned on 6 January 2023)*	A+B
Dr. Wu Fu-Shea	A+B
Mr. Chen Zhenping	A+B
Ms. Zhao Yue	A+B
Dr. Mo Keqi *(Retired on 23 June 2022)*	A+B
Mr. Jiang Senlin *(Retired on 23 June 2022)*	A+B
Dr. Chen Wei	A+B
Mr. Yang Haifeng	A+B
Ms. Dan Xi	A+B
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	A+B
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	A+B
Ms. Fan Wenxian *(Retired on 23 June 2022)*	A+B
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	A+B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yang Haifeng, Dr. Chen Wei and Ms. Dan Xi. Mr. Yang Haifeng is the chairman of the Audit Committee.

The primary duties of the Audit Committee include ensuring that an effective financial reporting, risk management and internal control systems are in place and compliance of the Listing Rules, controlling the completeness of the Company's financial statements, selecting external auditors and assessing their independence and qualifications, and ensuring the effective communication between the internal and external auditors of the Group.

During the Reporting Period, the Audit Committee held 3 meetings to review, the interim and annual financial results and reports for the year/period under review, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment and change of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The Board, after consultation with the chairman of the Audit Committee, provides sufficient resources to the Audit Committee to enable it to discharge its duties.

These 3 meetings were held with the external auditors without the presence of the executive Directors.

The attendance records of the members of the Audit Committee during the Reporting Period are as follows:

Name of Members of the Audit Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Dr. Chen Wei *(Appointed on 28 March 2022)*	2/2
Mr. Yang Haifeng *(Appointed on 26 August 2022)*	1/1
Ms. Dan Xi *(Appointed on 6 January 2023)*	N/A
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	0/0
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	0/1
Dr. Mo Keqi *(Appointed on 28 March 2022 and retired on 23 June 2022)*	0/0
Ms. Fan Wenxian *(Appointed on 1 March 2022 and resigned on 28 March 2022)*	1/1
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	3/3

Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Yang Haifeng, Dr. Chen Wei and Ms. Dan Xi. Mr. Yang Haifeng is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held 5 meetings during the Reporting Period to (1) review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management of the Company; and (2) review and make recommendation to the Board on grant of Restricted Shares pursuant to the Share Award Scheme and grant of share options pursuant to the Share Option Scheme to senior management.

In respect of the options and Restricted Shares granted and awarded to certain Directors and/or senior management of the Company under the Share Option Scheme and Share Award Scheme during the Reporting Period, the vesting period is shorter than 12 months. Under the schemes, which were adopted before the effective date of the new Chapter 17 of the Listing Rules, there are no restrictions prohibiting a vesting period of less than 12 months as the grant of options and award of Restricted Shares are determined based on the contributions of the selected Directors and/or senior management during the preceding year rather than for the current year. For the same reason, there is no necessity for additional performance targets and clawback mechanisms. The Remuneration Committee believes that the options and Restricted Shares align the interests of the selected Directors and/or senior management with those of the Group through the ownership of shares, dividends and other distributions paid on the shares and/or the increase in value of the shares, and to encourage and retain the selected Directors and/or senior management to make contributions to the long-term growth and profits of the Group. To promote retention, the unvested options and Restricted Shares shall lapse if the selected Directors and/or senior management cease to be employed by the Group prior to the vesting date. The Remuneration Committee is of the view that such an arrangement aligns with the purpose of the schemes.

The Board, after consultation with the chairman of the Remuneration Committee, provides sufficient resources to the Remuneration Committee to enable it to discharge its duties.

The attendance records of the members of the Remuneration Committee during the Reporting Period are as follows:

Name of Members of the Remuneration Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Dr. Chen Wei *(Appointed on 28 March 2022 and resigned on 26 August 2022, and appointed on 6 January 2023)*	2/2
Mr. Yang Haifeng *(Appointed on 26 August 2022)*	1/1
Ms. Dan Xi *(Appointed on 6 January 2023)*	N/A
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	0/1
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	1/2
Ms. Fan Wenxian *(Appointed on 1 March 2022 and resigned on 28 March 2022)*	1/1
Mr. Jiang Senlin *(Appointed on 28 March 2022 and retired on 23 June 2022)*	1/1
Mr. Song Hongtao *(Appointed on 15 July 2022 and resigned on 6 January 2023)*	1/1
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	5/5

The annual remuneration of senior management of the Company (whose biographies are set out on pages 31 to 34 of this annual report) by band for the Reporting Period is set out below:

Band of remuneration (RMB)	Number of individuals
1-750,000	3
750,001-1,500,000	6

Nomination Committee

The Nomination Committee currently consists of two independent non-executive Directors, namely Dr. Chen Wei and Mr. Yang Haifeng, and one non-executive Director, namely Mr. Chen Zhenping. Dr. Chen Wei is the chairman of the Nomination Committee. Majority of the Committee members are independent non-executive Directors.

The primary duties of the Nomination Committee include assisting the Board in identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the Board Diversity Policy of the Company, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The procedures for appointment, re-election and dismissal of Directors are set out in the Articles of Association.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held 4 meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting and to consider the appointment of an executive Director. The Board, after consultation with the chairman of the Nomination Committee, provides sufficient resources to the Nomination Committee to enable it to discharge its duties.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Dr. Chen Wei *(Appointed on 28 March 2022)*	2/2
Mr. Chen Zhenping *(Appointed on 28 March 2022)*	2/2
Mr. Yang Haifeng *(Appointed on 26 August 2022)*	1/1
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	0/1
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	1/2
Ms. Fan Wenxian *(Appointed on 1 March 2022 and retired on 23 June 2022)*	1/1
Mr. Song Hongtao *(Resigned on 28 March 2022)*	2/2

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character, integrity and reputation;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules;

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s); and

- Board's succession planning and the Company's long term needs.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

The Nomination Committee will review the Director Nomination Policy to ensure its effectiveness.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and the ability to attract employees from the widest pool of available talents.

Pursuant to the Board Diversity Policy, the Nomination Committee will review the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to pursue diversity at all levels and will consider a number of aspects, including but not limited to skills, professional experience, knowledge, age, gender, cultural and educational background, ethnicity and length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth. The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The following table shows the diversity profile of the Board as at the date of this annual report:

Name of Directors	Gender	Age	Date of appointment as Directors
Executive Directors:			
Mr. Wu Xiaohua	Male	49	6 December 2018
Mr. Shi Banchao	Male	46	4 November 2022
Non-executive Directors:			
Dr. Wu Fu-Shea *(Redesignated from executive Director to non-executive Director on 4 November 2022)*	Male	64	10 September 2021
Mr. Chen Zhenping *(Redesignated from executive Director to non-executive Director on 4 November 2022)*	Male	46	1 March 2022
Ms. Zhao Yue	Female	33	4 November 2022
Independent non-executive Directors:			
Dr. Chen Wei	Female	41	28 March 2022
Mr. Yang Haifeng	Male	48	26 August 2022
Ms. Dan Xi	Female	33	6 January 2023

Under the Board Diversity Policy, the Company aims to maintain at least a 20% female representation in the Board and the composition of the Board satisfies the Board Diversity Policy goal. As the representation of women in senior roles throughout the PRC economy and the Company's industry continues to grow and the pool of qualified female candidates expands, the Company would expect to see the proportion of female directors on the Board would increase over time.

The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	37.5% (3)	62.5% (5)
Senior Management	44.4% (4)	55.6% (5)
Other employees	30.6% (232)	69.4% (526)
Overall workforce	30.8% (239)	69.2% (536)

Further details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.

The Board considers that the diversity of the Board and Group's workforce (including senior management) in terms of gender are satisfied.

During the Reporting Period, the Nomination Committee had reviewed the Board Diversity Policy to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of part 2 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal control and risk management systems to safeguard the Group's assets and Shareholders' interests, and reviewing the effectiveness of the Group's internal control and risk management systems to ensure that the existing internal control and risk management systems are adequate. Such systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company also has an internal audit function which primarily carries out the analysis and appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

During the Reporting Period and up to the date of this annual report, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls, risk management functions and environmental, social and governance ("**ESG**") risks. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and those relating to the Company's ESG performance and reporting adequate. The review was conducted through discussions with the Company's management, its external and internal auditors and the assessment performed by the Audit Committee. The Board is of the view that throughout the Reporting Period, the risk management and internal control systems of the Group are effective and adequate.

During the Reporting Period, the Board has appointed an experienced, competent and professionally qualified senior management member as the head of internal audit department of the Company for the purpose of further enhancing the independence and professional level of internal audit department. The head of internal audit is a member of Chinese Institute of Certified Public Accountants and is instructed and empowered by the Board to carry out on-going monitoring of the Company's risk management and internal control system independently.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and marketing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

Divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department, with the assistance of the external internal control consultant firm examined key issues and material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Company has developed its disclosure policy which provides a general guide to the Directors, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" in this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company (ZHONGHUI ANDA) in respect of audit and non-audit services for the Reporting Period is set out below:

Service Category	Fee paid/ payable (HKD)
Audit services	1,950,000
Non-audit services (Note)	270,000
Total	2,220,000

Note: non-audit services include review of the interim financial information of the Group for the six months ended 30 June 2022 and works in relation to the continuing connected transactions of the Group for the year ended 31 December 2022

COMPANY SECRETARY

Mr. Wong Tin Yu ("**Mr. Wong**") of Tricor Services Limited, external service provider, has tendered his resignation as the company secretary of the Company with effect from 26 August 2022. The primary contact person at the Company, through whom Mr. Wong could contact was Ms. Yang Juan ("**Ms. Yang**"), the current company secretary.

Mr. Wong has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation which needs to be brought to the attention of the Stock Exchange and the Shareholders.

Subsequent to the resignation of Mr. Wong, Ms. Yang has been appointed as the company secretary of the Company with effect from 26 August 2022.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

For the Reporting Period, Ms. Yang undertook not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Corporate Governance Report

During the Reporting Period, the Company held three general meetings, being the annual general meeting held on 23 June 2022, and extraordinary general meetings held on 16 February 2022 and 24 October 2022. Details of individual attendance of each Director at the aforesaid general meetings are set out below:

Directors	Number of Attendance/ Number of Meetings Eligible to Attend
Executive Directors	
Mr. Wu Xiaohua	3/3
Mr. Shi Banchao *(Appointed as executive Director and Chief Executive Officer on 4 November 2022)*	N/A
Mr. Lam Chun Hung Stanley *(Resigned on 1 March 2022)*	1/1
Ms. Wang Jing *(Resigned on 1 March 2022)*	1/1
Mr. Song Hongtao *(Redesignated from executive Director to non-executive Director on 28 March 2022, redesignated from non-executive Director to executive Director on 15 July 2022 and resigned on 6 January 2023)*	3/3
Non-executive Directors	
Dr. Wu Fu-Shea *(Redesignated from executive Director to non-executive Director on 4 November 2022)*	3/3
Mr. Chen Zhenping *(Appointed as executive Director on 1 March 2022 and redesignated from executive Director to non-executive Director on 4 November 2022)*	2/2
Ms. Zhao Yue *(Appointed on 4 November 2022)*	N/A
Dr. Mo Keqi *(Appointed as executive Director on 1 March 2022, redesignated to non-executive Director on 28 March 2022 and retired on 23 June 2022)*	0/1
Mr. Jiang Senlin *(Appointed on 28 March 2022 and retired on 23 June 2022)*	0/1
Independent Non-executive Directors	
Dr. Chen Wei *(appointed on 28 March 2022)*	2/2
Mr. Yang Haifeng *(Appointed on 26 August 2022)*	1/1
Ms. Dan Xi *(Appointed on 6 January 2023)*	N/A
Prof. Qiao Zhonghua *(Resigned on 1 March 2022)*	1/1
Ms. Zhang Yahan *(Resigned on 28 March 2022)*	1/1
Ms. Fan Wenxian *(Appointed on 1 March 2022 and retired on 23 June 2022)*	1/1
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	3/3

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The objects of the meeting must be stated in the written requisition.

Putting Forward Proposals at General Meetings

If a Shareholder wishes to put forward proposals at a Shareholders' meeting, the Shareholder, who has satisfied the shareholding requirements set out in the above paragraph headed "Convening an Extraordinary General Meeting", may follow the same procedures by sending a written requisition to the Board or the Company Secretary. The Shareholder should state his/her proposals in the written requisition and submit the written requisition as early as practicable to enable the Board to make necessary arrangement.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholder may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 4101, 41st Floor, Building 2, Euro-American Financial City, Cangqian Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC

Email: ir@datamargin.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Reporting Period, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed, promote effective communication with Shareholders and other stakeholders, encourage Shareholders to engage actively with the Company and enable Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness. During the Reporting Period, the Board had reviewed the policy and considered that the implementation of the policy was effective.

The Company has used the following methods to communicate with the Shareholders:

- publication of announcements, interim reports and annual reports
- publication of key corporate governance policies on the Company's website
- holding of annual general meeting and other general meetings of the Company

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social and Governance ("**ESG**") Report presents our efforts and achievement made in sustainability and social responsibility. The ESG Report details our Group's performance in carrying out the environmental and social policies and fulfilling the principle of sustainable development.

ESG Governance Structure

Our Group is committed to incorporating ESG factors into our decision-making process and our daily operation. The ESG governance structure of our Group comprised the board of directors (the "**Board**") and the ESG working group (the "**ESG Working Group**").

The Board has overall responsibility for our Group's ESG governance, ESG strategy and reporting, as well as evaluating and managing our Group's ESG-related risks. The Board is also responsible for setting the ESG management approach, strategy, priorities and objectives and reviewing our Group's performance periodically against ESG-related goals and targets. The Board discusses and reviews our Group's ESG-related risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG Working Group.

The Board is also responsible for ensuring that appropriate and effective ESG risk management and internal control systems are in place. The ESG Working Group comprises of senior management from different departments of our Group. The ESG Working Group reports to the Board periodically and assists the Board to oversee the ESG-related issues and has the responsibility for collecting and analysing ESG data, implementing our Group's ESG strategy and policies, monitoring and evaluating our Group's ESG performance, and preparing ESG reports. The ESG Working Group meets regularly to discuss and review ESG-related issues including but not limited to the ESG policies and procedures and ESG-related performance.

The Scope of the ESG Report

The core businesses of our Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers. Unless stated otherwise, the ESG Report covers our Group's major operating revenue activities under direct management control. The ESG key performance indicator ("**KPI**") data are gathered and are shown in the ESG Report as well as supplemented by explanatory notes to establish benchmarks. Our Group will continue to assess the major ESG aspects of different businesses to determine whether they need to be included in the ESG reporting.

Reporting Standard

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

Environmental, Social and Governance Report

Reporting Period

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year ended 31 December 2022 ("**Reporting Period**", "**2022**").

Reporting Principles

The reporting principles of this ESG Report are governed by "**materiality**", "**quantitative**", "**balance**" and "**consistency**".

Materiality: The ESG Report has included the ESG factors that are sufficiently material to different stakeholders. Our Group's directors and senior management are mainly responsible for identification of key ESG factors on the basis of the feedback from the stakeholders. In order to determine the ESG factors that are relevant and material to our business with respect to sustainability, our Group is aware that the importance to understand the issues that our stakeholders concerned the most. Please refer the section headed "**Stakeholder Engagement**" for details of the main expectations and concerns of our key stakeholders and the corresponding management responses and the section headed "**Materiality assessment**" for details of the annual materiality assessment conducted by our Group to identify the key ESG issues that material and relevant to our Group's operation.

Quantitative: The data presented in this report have been examined. Summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are mainly referred to the ESG Guide.

Balance: This ESG Report was prepared based on an objective and impartial manner to ensure that the information provided an unbiased picture of the overall ESG performance of our Group.

Consistency: The methodologies and KPIs are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison, detail would be disclosed. There is no change in the collection and computation of data presented in this report as compared to the ESG Report for the previous reporting periods.

Review and Approval

The Board acknowledges its responsibilities for ensuring the integrity of the ESG Report and to the best of their knowledge, this report addresses all relevant material issues and fairly presents the ESG performance of our Group. The Board confirms that it has reviewed and approved the ESG Report.

Comments and suggestions from our stakeholders are welcome. You may provide comments on the ESG Report or towards our performance in respect of sustainable development via the following:

Address: Room 4101, 41st Floor, Building 2, Euro-American Financial City, Cangqian Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC

Email: ir@datamargin.com

Stakeholder Engagement

Understanding and taking actions towards stakeholders' concerns and expectations is essential towards our sustainability development. The engagement of stakeholders helps us recognise our sustainability performance. Therefore we have established appropriate communication channels so that comments and feedbacks from major stakeholders are effectively and timely addressed.

The following table summarises the main expectations and concerns of our key stakeholders and the corresponding management responses.

Stakeholders	Expectations	Management Responses/ Communication Channels
Government and Regulators	• Compliance with national policies, laws and regulation • Support for local economic growth • Tax payment in full and on time	• Regular information reporting • Meetings with regulators • Examination and inspection
Shareholders	• Returns • Compliance operations • Rise in company value • Transparency and effective communication	• General meetings • Announcements • Company website
Partners	• Operation with integrity • Equal Rivalry • Performance of contracts • Mutual benefits	• Business communication • Discussion and exchange of opinions • Engagement and cooperation
Customers	• Outstanding products and services • Performance of contracts • Operation with integrity	• Forums, talks, industrial events • Meetings with customers • Daily operation/communication
Environment	• Energy saving and emission reduction • Environmental protection	• ESG Reporting
Employees	• Protection of rights • Occupational health • Remunerations and benefits • Career development • Humanity cares	• Meetings with employees • Training and workshop • Employee activities
Community and the public	• Transparency	• Company website • Announcements • Interview with media • Social media platforms

Materiality Assessment

Our Group has conducted the annual materiality assessment to identify the key ESG issues that are important to our business. The objective of materiality assessment is to identify ESG issues that are material and relevant to our operation.

Identification

Reference is made to the ESG Guide to set ESG subject areas and aspects for all stakeholders' assessment. We obtain feedbacks from all stakeholders through the various communication channels.

Prioritisation

The identified ESG issues are then ranked and reviewed by the ESG Working Group in the materiality matrix based on consideration of their impact on our business financials and operations, environment, customers and community.

Verification

The findings are then reviewed by to the Board in order to confirm the material ESG issues are relevant and material to our Group for disclosure.

According to the results of the materiality assessment, the list below demonstrated the ESG issues with the level of materiality to the Group.

Materiality	ESG Issues
High materiality	Customer Privacy and Company Data Protection Intellectual Property Protection Customer Complaint Management Project Quality Management Employment practices and compliance Employee Retention Employee Health and Safety Labor Standards
Medium materiality	Staff Development and Training Business Ethics and Ethics Anti-Corruption Resource Use and Efficiency Supply Chain Management Energy Management Control emissions
Low materiality	Environmental Compliance Water Resources Management Waste Management Community Investment Climate Change Response Material Use and Packaging Environment and Natural Resources

A. ENVIRONMENTAL ASPECT

Aspect A1: Emissions

We do not operate in a highly-polluting industry, and our production processes primarily involve system integration and software development. However, we regard environmental protection as an important corporate responsibility, and have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Group. We support the waste hierarchy of "3Rs" – Reduce, Reuse and Recycle – which is aims at waste control and minimisation. We have adopted the following measures to mitigate the emissions in our operations: (1) ensuring strict compliance with relevant laws and regulations in all commercial activities related to the emission of exhaust gases, greenhouse gases and waste management; (2) conveying the environmental management measures of energy conservation to all the staff of our Group in order to deepen their awareness of environmental protection; and (3) continuously monitoring the progress of environmental management measures to ensure compliance at all times. During the Reporting Period, we have not identified any material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste such as the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) and the Environment Protection Law of the People's Republic of China (中華人民共和國環境保護法).

Air Emissions – Due to our business nature, we consider the relevant air emissions generated by our daily operations are not significant except for the vehicles used for maintaining our daily operation. However, we still strive to mitigate the exhaust gas generated from our business operation as much as possible. As a way to reduce emission, we require all the users of our Company's vehicles to switch off the idling engine to avoid unnecessary emission.

During the Reporting Period, the quantitative information in relation to air emission of our Group is as follows:

Air Emission	**For the year ended 31 December 2022**
Nitrogen oxides (NO_x)	5.64 kg
Sulphur oxides (SO_x)	0.03 kg
Particulate matter (PM)	0.42 kg

Greenhouse Gas Emissions – Although we are not involved in energy-intensive businesses, normal office operation which is essential to maintain our professional services is still a source of greenhouse gas emission. As such, we exert ourselves to abide by the relevant laws and regulations and make our daily operation more environmentally-friendly. In addition to the use of vehicles, which is a type of direct emission of greenhouse gas, indirect emission from processes such as electricity and paper consumption and business air travel of employees are the main sources of greenhouse gas emission from our operation. During the Reporting Period, the Group has set target to reduce total emission of greenhouse gases per employee (0.84 tonnes) over the next 3 years and total emission of greenhouse gases per employee for the year ended 31 December 2021 is set as the baseline year. We have adopted the following measures to mitigate greenhouse gas emissions: (1) posting up labels to promote electricity conservation on all types of electronic appliances, reminding employees to switch off any idle appliances and lighting, and to switch off conference equipment promptly after the end of the meeting; (2) implementing management control to monitor the use of vehicles; and (3) implementing management control to monitor business air travel of employees.

During the Reporting Period, the quantitative information in relation to greenhouse gases emission of our Group is as follows:

Greenhouse Gases Emission	**For the year ended 31 December 2022**
Direct Emission (Scope 1)	
– Fuel consumption of our vehicles	5.32 tonnes
Indirect Emission (Scope 2)	
– Electricity	49.02 tonnes
Indirect Emission (Scope 3)	
– Paper	15.48 tonnes
– Business air travels	140.91 tonnes
Total emission of greenhouse gases	210.73 tonnes
Total emission of greenhouse gases per employee	0.27 tonnes

Sewage Discharge – Due to our business nature, we generated no water pollutants commonly discharged from manufacturing processes and therefore our business activities did not generate material discharges into water during the Reporting Period.

Waste Management – We adhere to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. We maintain high standard in waste reduction, educates our employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development. Wastes are systematically collected and transported to designated disposal facilities. For surplus resources, e.g. end-of-life disposal products, we make every effort to ensure their responsible handling and disposal. Donation of surplus resources to charitable organisations is strongly supported. During the Reporting Period, we donated computers to some boarding schools in Yajiang County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province, for teachers' teaching and students' studies in mountain areas.

Hazardous Waste – Due to our business nature, we did not generate significant amount of hazardous wastes during the Reporting Period.

Non-hazardous Waste – The non-hazardous wastes generated by our Group's operations mainly consist of daily office garbage produced by employees and solid waste derived from packaging material. We carry out waste classification with respect to the non-hazardous wastes. The non–hazardous wastes are collected by the cleaning company employed by the buildings where our offices are located. We carry out promotion and encourage our employees to carry out proper waste classification with respect to recyclable wastes (hardware equipment and other recyclable wastes), food wastes, hazardous wastes and other wastes. During the Reporting Period, our Group has set a target to reduce the amount of non-hazardous waste discarded per employee over the next three years and has set a benchmark of non-hazardous waste discarded per employee (6.53 kg) for the year ended 31 December 2021.

During the Reporting Period, the non-hazardous wastes generated by our Group is as follows:

	For the year ended 31 December 2022
Total non-hazardous wastes	6,270 kg
Non-hazardous waste discarded per employee	8.14 kg

Aspect A2: Use of Resources

Given that our business involves no production element, the use of resources by us, such as energy, water and other raw materials, in our day-to-day operations is minimal. As we are aware of our electricity, water and fuel consumption in the office environment (and from the use of our Group's vehicles), we will focus on ESG improvements in these areas. In our operations, we have adopted the following measures regarding the use of resources: (1) routine inspections; (2) green purchasing; (3) water management; (4) double-sided printing and recycling of waste paper; and (5) other measures (including the maintenance of green plants and promotion of paperless office).

Energy Consumption – We have formulated policies and procedures relating to environmental management. During the Reporting Period, the Group has set target to reduce electricity consumption per employee and fuel consumption per employee over the next 3 years and the relevant intensity performances for the year ended 31 December 2021 is set as the baseline year. Total energy consumption per employee for the year ended December 31, 2021 was 240.72 kWh and fuel consumption per employee was 2.13 liters. We have adopted the following measures to mitigate energy consumption: (1) reminding employees to switch off idle lights and computers when they leave the office; (2) reducing the standby time of office equipment such as computers, printers, copiers, etc. and; (3) using energy-saving lamps in office premises; (4) promoting the use of natural light and minimizing idle lighting in public areas; and (5) pre-setting air conditioners to energy-saving temperatures. During the Reporting Period, the total energy consumption of our Group is as follows:

Energy Consumption	For the year ended 31 December 2022
Total energy consumption	74,629.63 kWh
Direct energy consumption	19,048.67 kWh
Indirect energy consumption	55,580.96 kWh
Total energy consumption per employee	96.92 kWh
Electricity consumption	55,580.96 kWh
Electricity consumption per employee	72.18 kWh
Fuel consumption	1,965.53 Liters
Fuel consumption per employee	2.55 Liters

Water Consumption – At present, the water consumption of the Group is limited to the use of drinking fountains and basic cleaning and sanitation in our offices. During the Reporting Period, the Group has set target to reduce water consumption per employee over the next 3 years and the water consumption per employee for the year ended 31 December 2021 is set as the baseline year. We have adopted the following measures to mitigate water consumption: (1) promoting the use of filtered water dispensers in offices to replace plastic bottled water; and (2) promoting and encouraging our employees to conserve water.

Water Consumption	For the year ended 31 December 2022
Water consumption	1,220.29 m^3
Water consumption per employee	1.58 m^3

During the Reporting Period, we had no issue in sourcing water that is fit for purpose.

Packaging Materials – As our Group has no industrial production or any factory facilities, we do not consume significant amounts of package materials for product packaging.

Aspect A3: The Environment and Natural Resources

Due to our business nature, our operations have little impact on the environment or natural resources apart from those mentioned in the previous section. While we do encourage our employees to practise the "3Rs" and to protect the natural environment, as this aspect has no material relevance to our business, we have opted not to report on it, and KPI A3.1 (concerning the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable.

Aspect A4: Climate Change

We recognise the importance of the identification and mitigation of significant climate-related issues, therefore, our Group is committed to managing the potential climate-related risks which may impact our business activities. Our Group has established risk management policy in identifying and mitigating different risks including climate-related risks. The Board meets regularly and discusses with the senior management to identify and evaluate climate-related risks and to formulate strategies to manage the identified risks. Since the core businesses of our Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, the impact on the significant climate-related issues are of little significance for our operation.

Our Group has identified the material impacts on the Group's business arising from the following risks:

Physical risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt our operations by damaging the power supply, and communication infrastructures, and injuring our employees during their work, leading to reduced capacity and decreased productivity, or expose our Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, we take internal precautions to minimize effect of the extreme weather, such as checking electrical circuits regularly, closing doors and windows, reminding employees to turn off the appliance after work and pay attention to personal safety when working outdoor. At the same time, we have flexible working arrangements and precautionary measures during bad or extreme weather conditions.

Transition Risks

We anticipate that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, we acknowledge the increasing requirements of climate-related information disclosures. One of the examples is the recent update of the Stock Exchange's ESG Guide in respect of significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. Our Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputational risks, we regularly monitor existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the senior management where necessary to avoid cost increments, non-compliance fines and/or reputational risks due to delayed response.

B. SOCIAL

As a professional services company, talent and their capabilities are our greatest asset, and they are critical to the company's sustainability. We firmly believe that investing in our people and their development is inseparable from business development and continued success. Human resource is a solid foundation to support the development of our Group. We firmly believe that each employee plays an important role in providing a good service experience for customers. We are committed to providing a healthy, fulfilling and happy working environment that encourages communication, innovation, continuous learning and employee engagement. In terms of human resources, we have adopted the following measures: (1) maintaining excellent employment standards, from staff selection to staff growth and quality work experience; (2) building a diversified career development channel and competitive salary system through the rank system; and (3) focusing on building a cultural environment suitable for the growth of knowledge workers and creating a good learning organizational atmosphere.

Our human resources policy is in strict compliance with the labor law promulgated by the government and other laws and regulations concerning compensation, insurance, employment, equal opportunity, diversity, anti-discrimination, other treatment and benefits, promotion and dismissal of employees.

Aspect B1: Employment

Human resources are the foundation to support the development of our Group. We believe that every employee plays a vital role in executing a good service experience for our customers. We dedicate in offering a pleasant working environment that encourages communication, innovation, continuous learning and fosters employee engagement.

During the Reporting Period, we were not aware of any material non-compliance with employment–related laws and regulations that would have a significant impact on our Group such as the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法), the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法).

As at 31 December 2021, our Group had 770 full-time employees, the distribution of employees according to gender, age group and geographical region are as follows:

Employees	Percentage (%)
By Gender	
Male	69.4%
Female	30.6%
By Age Group	
Under 30 years old	58.0%
30-50 years old	41.6%
Over 50 years old	0.4%
By Geographical Region	
Mainland China	99.9%
Hong Kong	0.1%

During the Reporting Period, the Group's total employee turnover rate was approximately 46.4%. The table below shows the employee turnover rate by gender, age group and geographical region.

	Turnover Rate (%)
By Gender	
Male	46.4%
Female	46.3%
By Age Group	
Under 30 years old	56.9%
30-50 years old	33.8%
Over 50 years old	25.0%
By Geographical Region	
Mainland China	46.4%
Hong Kong	0.0%

Recruitment, Promotion and Dismissal – Employees' qualification, professional skills and experiences exert significant influence on the quality of services. In order to meet the needs of the business development for talents, in line with the principle of fairness and justice, and standardize and improve the recruitment mechanism to improve the efficiency and quality of recruitment, we adopt a robust and transparent recruitment process. We adhere to the principle of internal priority and give priority to our internal talents to provide them with development opportunities. In the case where our internal talent resources cannot meet our needs, we will carry out external recruitment. In order to motivate our staff to actively recommend excellent talents to join us, our staff will receive referral bonus based on the level of the recommended candidate after we successfully recruit the recommended candidate.

At the beginning of the year, we will sign a performance responsibility statement with our employees in order to set targets for our employees, facilitate their annual performance evaluation and achievement, and set clear guidelines and regulations to improve the efficiency of our employees and departments. Supervisors would discuss with employees in respect of their performance through effective two-way communication in order to facilitate their promotion. The performance system provides reference standards for salary adjustment, bonus distribution and promotion. In addition, we have also implemented a rank system internally to help each employee to better understand his/her current position, provide each employee with a clearer promotion and development path and help each employee to better understand the ability requirements of each development path. Any termination of employment contract should be based on reasonable, lawful grounds and internal policies, such as the employee handbook of our Group. We strictly prohibit any kind of unfair or illegitimate dismissals. For (a) those who seriously violate our system; (b) those seriously breach their duty; (c) those who continue to be in labor relationship with other employers while being our employee and affecting their work performance at our Group after being reminded by us to cease such labor relationship; (d) those who provide false information; (e) those who are held criminally liable; and (f) those who directly and intentionally cause us to lose business opportunities or use our resources to benefit themselves or others, we will consider terminating their employment in accordance with relevant laws and our employee handbook. For those who continue to have unsatisfactory job performance after training or job position adjustment, we will consider terminating their employment in accordance with relevant laws.

Remuneration and Benefits – Employees are a key resource for our continued growth and success, and we offer a market competitive compensation package that includes compensation and benefits to ensure we attract and retain the best talent. Firstly, we have a value-based and performance-based compensation system. Secondly, we formulate different salary strategies for different job positions every year according to the external market salary survey data. Finally, we regularly review the salary level every year to attract outstanding talents to join us and improve the salary competitiveness for our internal outstanding personnel through promotion and salary adjustment. We also provide comprehensive welfare plan for our employees, including social insurance, supplementary medical insurance, housing fund, annual physical examination, statutory holidays and other welfare.

Diversity and Equal Opportunity – Our diversity is shaped by the skills, experiences, perspectives, styles and characteristics of our employees (including but not limited to gender, age, marital or family status, race, cultural background, disability and religious beliefs). We recognize that these differences should be respected and will contribute to innovation, change and long-term growth of our business. We also recognize that advocating diversity creates value and more benefits for our customers and shareholders, such as higher efficiency, talent retention rate, broader skill mix and more abundant talent mix. For all these reasons, we are committed to providing an inclusive, equal and fair workplace that values, respects and promotes diversity in our Group.

We have adopted the following measures to avoid forced labor: (1) our Group adopts the principle of fairness and voluntariness and does not charge any referral fee or other fees from the applicants in the recruitment process; (2) the successful applicants shall negotiate and sign the labor contract with us; (3) our employees can ask for leave with the support of doctor certificate if they are sick; and (4) our employees can freely allocate their off hours and statutory holidays.

We have also adopted the following measures to avoid discrimination: (1) we do not discriminate nor interfere our employees on the basis of race, gender, nationality, disability and gender orientation; (2) we do not discriminate our employees in terms of employment, compensation and promotion on the basis of ethnicity, race, gender, age, religion, belief or disability; and (3) we adhere to the principle of equal pay for men and women. Women who meet the employment requirements for their work shall enjoy equal employment opportunities as men.

Working Hours and Rest Periods – We have organized occasional afternoon tea internally to help our employees relax during the working hours. In addition, we have adopted vacation and rest policies with terms better than the requirements under the national policies, especially in terms of annual leave and full paid sick leave. When formulating the vacation and rest policies, we have taken into consideration the importance of our employees' physical and mental health and our objectives to actively attract talents to join us and to retain our employees. Our policies with respect to working hours and rest periods and the remuneration in relation to working hours and rest periods are in full compliance with the relevant employment laws.

Aspect B2: Health and Safety

We place great importance to the health and safety of our employees. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations that have a significant impact on our Group relating to providing a safe working environment and protecting employees from occupational hazards. We provide our employees with a safe and healthy working environment and formulate various safety management measures, such as potential accident investigation and management system. In addition, we have implemented other discretionary policies, including: (1) providing good working conditions, such as reasonable working space and easy-to-use meeting systems; (2) promoting flexible working hours; (3) providing a clean, tidy and hygienic workplace; (4) equipped our offices with first-aid medicine kits which are to be replenished regularly; (5) providing fitness equipment in the designated areas in our offices; and (6) carrying out indoor or outdoor activities regularly and organising various associations, etc.

Our Group has not recorded any work-related fatalities occurred in each of the past three years including the year of the Reporting Period. During the Reporting Period, our group has no lost working days due to work-related injuries. Besides, there was no claims or compensation for our employees due to such incidents, and no significant violations of laws and regulations relating to employees' health and safety matters during the Reporting Period.

We have established a work injury management response team to respond to potential work injury cases in the first instance. The work injury management response team is responsible for following up medical assistance for employees' work injuries, coordinating medical insurance and social insurance reporting of work injuries, etc. In addition, we provide supplemental commercial insurance and annual body check for employees, and develop specific health checkup programs based on industry characteristics and employees' health conditions to protect employees' health and actively improve health welfare services.

Aspect B3: Development and Training

We regard our staff as the most important asset and resource as they help to sustain our core values and culture. The training and development of personnel is of utmost importance to the management of our Group. As our business continues to grow, it is crucial that we build a sustainable workforce and continue to develop a team of employees who keep up with emerging technologies and deliver solutions that meet the fast-changing requirements of our customers. We have adopted the following measures in relation to development and training: (1) developing our annual training plan; (2) establishing our internal learning platform; (3) focusing on internal knowledge sharing and organising internal knowledge sharing regularly and from time to time, which involves all aspects of our business operation, such as project completion sharing and business product introduction, etc.; (4) providing induction training for our new employees to introduce our corporate culture to them and help them adapt to our corporate environment by sharing with them videos which show our service standards and procedures; and (5) when internal training cannot fully meet the personal development needs of employees, sending our employees to external training institutions or abroad to study and improve.

During the Reporting Period, the percentage of employees trained by gender and employee category and the average training hours completed per employee by gender and employee category are as follows:

Percentage of employees trained	29.0%
The percentage of employees trained by gender	
Male	66.4%
Female	33.6%
The percentage of employees trained by employee category	
Management	0%
Non-management	100%
Average training hours for employees	8 Hours
The average training hours completed per employee by gender	
Male	8 Hours
Female	9 Hours
The average training hours completed per employee by employee category	
Management	8 Hours
Non-management	8 Hours

Aspect B4: Labour Standards

Our Group strictly prohibits the employment of minors or engagement of child labour activities as defined by laws and regulations. Once discovered, our Group will commence a thorough investigation and immediately dismiss the relevant employees. As a means to avoid employing child labour, all newly employed staff is required to provide identification documents for age verification purpose. We have adopted the following measures in relation to labour standards: (1) incorporation of guidelines concerning forced and child labour in employment practices, which expressly requires that no employee under the age of 18 should be employed; (2) consistent verification of compliance with the latest legal development; and (3) whistleblower protection to record any illegal activities. Our Group strictly complies with laws and conducts recruitment according to relevant laws and regulations. We will also continue to review the measures on recruitment practices to avoid child labour and forced labour. We prohibit any punishments, management methods and behaviours involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc. against the employees for any reason. During the Reporting Period, no incidents of child and forced labour were reported or discovered.

Our Group has an active whistleblower policy and encourages individuals to come forward in complete privacy and without penalty to report potential incidents of abuse or illegality. We are committed to upholding our business ethics and corporate governance standards, effectively preventing our operation and management risk, timely monitoring and reporting any internal violations by our employees and ensuring that we operate in accordance with the laws and regulations.

Aspect B5: Supply Chain Management

Our Group understands the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of our suppliers, we have adopted the following measures in relation to supply chain management: (1) prohibiting commercial bribery to create a fair, just and non-corrupt cooperation atmosphere; (2) establishing a reporting channel to allow our suppliers to communicate complaints, feedback, suggestion and supervision; and (3) ensuring confidentiality and requiring our suppliers to sign the agreement with us and agree to the confidentiality clause therein such that both parties agree not to disclose any information in relation to the cooperation to third parties in order to protect our business secrets. We negotiate with our suppliers on a mutual, genuine and full basis and cooperate with them for mutual benefits.

In order to ensure that our suppliers meets the quality, environmental and safety standards of our customers, we select suppliers based on the following criteria: qualification, technical capability, business capability, product and service quality and environmental impact. After comprehensive evaluation and selection, we have a list of qualified suppliers to supply products and/or services to our Group. In addition, our Group also evaluates the qualifications and service levels and standards of our suppliers comprehensively before making a decision on whether to cooperate with them or not and the extent of cooperation based on the results of our evaluation. For those suppliers who fail to meet our requirements, we will cease cooperation with them. We will make a decision on whether to cooperate with them again by re-evaluating whether they are able to meet our requirements after they have carried out rectification measures. During the Reporting Period, all suppliers engaged by the Group has been reviewed through the said procedures. Our Group also regularly monitors environmental and social risks at each part of the supply chain, including understand and identify related risks through close communication with suppliers.

The number of supplier breakdown by geographical region are as follows:

Mainland China	192
Hong Kong	18

Note: The number of suppliers refers to the number of enterprises that are active suppliers in the supplier database, and the geographical region refers to the place where the supplier is registered.

We have established systems to ensure fair and sustainable development of procurement activities and ensure equal competition among suppliers. Our Group strictly monitors all procurement activities, opens channels for complaints and reports, cracks down on various forms of commercial bribery, prevents conflicts of interest, and prevents any stakeholders from participating in procurement activities.

Aspect B6: Product Responsibility

As an enterprise-level big data and artificial intelligence technology and service provider in the PRC, achieving and maintaining high product and service quality is crucial to our sustainable development. In terms of product liability, we have adopted the following measures: (1) establishing and implementing a formal quality management system in all aspects of project implementation; (2) introducing after-sales service policies on our products and services, mainly focusing on technical advice and vulnerability repair requests; (3) placing an emphasis on the importance of the management of product intellectual property rights by establishing a product intellectual property management system to improve the Group's independent innovation system, and enhance employees' awareness of intellectual property protection through training and other means; and (4) establishing a sound process for dealing with and handling customer complaints. During the Reporting Period, to the best of the Board's and management's knowledge, our Group was not aware of any products and service related complaints received. While focusing on the challenges and pressures faced by our customers, we provide high quality artificial intelligence solutions and services to meet the business needs of our customers. Meanwhile, we also comply with the internationally recognized quality standards and have successfully renewed the ISO9000 and CMMI3 quality management system certifications. We always enter into contracts with our customers with contract terms concerning project quality and carry out periodic test and inspection according to such project quality terms to ensure that the corresponding products and services meet the standards and requirements of our customers. During the Reporting Period, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on our Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. We have not received any complaints about our Group's products and services.

Intellectual Property Protection – In order to promote our product innovation and protect various research and development results from infringement, we have established the intellectual property rights protection policies and implementation procedures in the product development process in strict accordance with the Patent Law of the People's Republic of China (中華人民共和國專利法), the Trademark Law of the People's Republic of China (中華人民共和國商標法), the Copyright Law of the People's Republic of China (中華人民共和國著作權法), the Regulations on the Protection of Computer Software (計算機軟件保護條例), Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) and other regulations and standard documents, to perform the product invention, management and protection of intellectual property rights all in all. We also strive to cultivate our staff's awareness of protection of intellectual property rights through trainings, so as to comprehensively strengthen our Company's overall capabilities of protection of intellectual property rights and pave our road for further innovation and development.

As at 31 December 2022, we have registered 85 trademarks, granted 34 invention patents and obtained 136 computer software copyright registrations.

Product Health and Safety – Although we are not involved in the manufacturing of hardware, we strictly follow the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) when selecting and purchasing products. We always set up contract terms regarding product quality with suppliers to ensure that the corresponding products have passed necessary testing and attained certain industrial standards. There were no incidents of recalls on products and services due to safety and health reasons during the Reporting Period, and that KPI B6.1 is not applicable as our core business does not involve safety and health risks.

Advertising and Labelling – Due to our business nature, our Group has limited risk of non-compliance in advertising and labelling. In our dealings with clients, providing complete, true, accurate, clear information and complying with all relevant laws and regulations regarding the proper advertising are utmost important for our Group.

Privacy Protection – We have implemented measures to comply with relevant laws and regulations on data protection and privacy of our business operations. When signing the employment contract with us, our employees shall also sign the employee confidentiality agreement and the professional ethics and confidentiality undertaking. No employee is allowed to disclose technical secrets, business secrets, etc. Employees are generally required to carry out product development or provide technical services at our customers' locations. If necessary, prior to the commencement of the project, our employees are required to sign non-disclosure agreements or confidentiality undertakings as required by our customers. Generally, we use the computer equipment, intranet and computer room of our customers when we access the data of our customers. We do not collect or store any confidential information regarding our customers.

Furthermore, we have established the ISO27001 information security management system and set up the information security management committee in order to ensure the security of our trade secrets, customer information and other confidential information relating to our business. The information security management team is responsible for coordinating any information security–related events, identifying security trends, and planning and monitoring information security. The information security response team is also responsible for investigating and dealing with information security incidents, including but not limited to system failures, information leaks, unauthorized access, hackers, viruses and other incidents that threaten daily operations. They are also responsible for conducting regular internal audits to ensure that information security is in good working order, and to monitor and correct issues identified. We have developed information security management procedures, the scope of influence of which will be divided into four levels based on the nature and severity of the information security incidents, and the information security incidents are investigated and dealt with accordingly. It is the responsibility of our employees to report suspicious security incidents to their supervisor in accordance with our information security management procedures. Any employee who violates our information security management procedures will be published depending on our potential loss and impact on operations, with our measures including verbal warnings, written warnings, administrative penalties and legal action.

Aspect B7: Anti-corruption

Our Group strives to achieve high standards of ethics in our business operations and does not tolerate any corruptions, frauds, extortion, money laundering and all other behaviours violating work ethics. Unethical or illegal events such as corruption, bribery, and collusion are strictly prohibited. We have adopted the following measures in relation to anti-corruption: (1) implementation of the anti-corruption and bribery requirements in our staff handbook; and (2) reporting procedures and whistleblower protection measures. We are committed to conducting our business with honesty and integrity and in compliance with the relevant laws and regulations. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or inducements to any person, including public officials. We stipulate the disciplinary code and code of conduct in our employee handbook, and encourage employees to report any suspected misconduct. It is our policy to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to corruption and bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

We have adopted a whistleblower policy to strongly encourage individuals to come forward in complete privacy and without penalty for all levels and operations. Staff can raise concerns, confidence, about possible improprieties such as misconduct and malpractice in any matter related to our Group. Reports made by employees will be handled fairly, consistently and expeditiously. All reports will be handled with appropriate confidentiality. The results of the investigation will be notified to the relevant employees in accordance with appropriate channels. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under the anti-corruption and anti-bribery policies of our Group, even if they turn out to be mistaken. Where there are new laws and regulations that may impact our business, all employees will be provided updates with training or summary training memos through email and our internal control policies and measures will be updated accordingly to ensure compliance. During the Reporting Period, we were not aware of any breach of laws and regulations in relation to bribery, extortion, fraud and money laundering that had a significant impact on our Group, such as the Regulations of the People's Republic of China for Suppression of Corruption (中華人民共和國懲治貪污條例). During the Reporting Period, there was no legal case regarding corrupt practices brought against our Group or our employees.

Aspect B8: Community Investment

Our Group is committed to making a positive impact on our internal and external stakeholders, as well as the communities we interact with through active social or philanthropic investments. As part of our Group's strategic development, we are committed to supporting social participation and contribution through public means, and to nurture the corporate culture and practices of corporate citizen in our daily operation. We have adopted the following measures in relation to community investment: (1) defining the nature and extent of involvement in the communities where the corporation has operations to ensure that our Group's business activities are conducted with due regard to the interests of the community; and (2) periodic assessment of success, regarding philanthropic initiatives. We encourage employees to care for and spend time on the local communities through participating in all kinds of social activities such as attending local community activities and charitable donations. Employees are also encouraged to participate in environmental protection activities and promote environmental awareness within our Group.

Independent Auditor's Report

To the Shareholders of Suoxinda Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Suoxinda Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 109 to 205, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of RMB124,022,000 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities of RMB63,244,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Trade receivables and contract assets

Refer to Notes 17 and 18 to the consolidated financial statements

The Group tested the amount of trade receivables and contract assets for impairment. This impairment test is significant to our audit because the balance of trade receivables and contract assets of RMB82,322,000 and RMB124,840,000 respectively as at 31 December 2022 and the expected credit losses on trade receivables and contract assets of RMB12,316,000 and RMB12,081,000 respectively are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Assessing the Group's relationship and transaction history with the customers;

– Evaluating the Group's impairment assessment;

– Checking the computation of the amounts of expected credit loss allowances;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Checking subsequent settlements from the customers.

We consider that the Group's impairment test for trade receivables and contract assets is supported by the available evidence.

Property and equipment, intangible assets and right-of-use assets

Refer to Notes 13, 14 and 15 to the consolidated financial statements

The Group tested the amount of property and equipment, intangible assets and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property and equipment, intangible assets and right-of-use assets of RMB30,508,000, RMB95,795,000 and RMB17,023,000 respectively as at 31 December 2022 and the impairment loss on property and equipment, intangible assets and right-of-use assets of RMB4,756,000, RMB15,491,000 and RMB3,753,000 respectively for the year ended 31 December 2022 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the identification of the related cash generating units;

– Assessing the arithmetical accuracy of the value-in-use calculations;

– Comparing the actual cash flows with the cash flow projections;

– Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates); and

– Checking input data to supporting evidence.

We consider that the Group's impairment test for property and equipment, intangible assets and right-of-use assets is supported by the available evidence.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

Zhonghui Anda CPA Limited
Certified Public Accountants

Li Chi Hoi
Audit Engagement Director
Practising Certificate Number P07268
Hong Kong, 27 March 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	5	**377,126**	397,372
Cost of sales		**(287,787)**	(268,176)
Gross profit		**89,339**	129,196
Selling expenses		**(24,822)**	(36,092)
Administrative expenses		**(99,606)**	(90,932)
Research and development expenses		**(39,580)**	(61,462)
Expected credit losses ("ECLs") on financial and contract assets	17, 18	**(24,397)**	(23,884)
Impairment loss on property and equipment	13	**(4,756)**	–
Impairment loss on intangible assets	14	**(15,491)**	–
Impairment loss on right-of-use assets	15	**(3,753)**	–
Fair value change of financial liabilities at fair value through profit or loss ("FVTPL")	32	**(1,981)**	–
Other income	6	**9,318**	9,393
Other (losses)/gains, net	6	**(6,781)**	282
Operating loss		**(122,510)**	(73,499)
Finance income	9	**41**	135
Finance costs	9	**(8,083)**	(8,437)
Finance costs, net	9	**(8,042)**	(8,302)
Share of profits of associates	20	**1,043**	2,313
Loss before income tax	7	**(129,509)**	(79,488)
Income tax credit	10	**5,487**	3,501
Loss for the year		**(124,022)**	(75,987)
Attributable to:			
Owners of the Company		**(128,192)**	(76,238)
Non-controlling interests	35	**4,170**	251
		(124,022)	(75,987)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	**2022 RMB'000**	2021 RMB'000
Loss for the year		**(124,022)**	(75,987)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
– Currency translation differences		**1,024**	(329)
Total comprehensive loss for the year, net of tax		**(122,998)**	(76,316)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(127,168)**	(76,567)
Non-controlling interests	35	**4,170**	251
		(122,998)	(76,316)
Loss per share for loss attributable to owners of the Company:			
Basic and diluted loss per share (RMB cents)	11	**(30.9)**	(19.0)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment	13	**30,508**	51,842
Intangible assets	14	**95,795**	87,051
Right-of-use assets	15	**17,023**	41,738
Investment in associates	20	**19,245**	12,652
Deposit paid for acquisition of additional interests in a subsidiary		**3,465**	–
Deferred tax assets	26	**8,427**	3,642
		174,463	196,925
Current assets			
Trade receivables	17	**82,322**	114,886
Contract assets	18	**124,840**	131,545
Prepayments	19	**1,604**	2,344
Other receivables	19	**12,322**	5,816
Pledged bank deposits	21	**221**	221
Cash and cash equivalents	21	**15,111**	21,955
		236,420	276,767
Total assets		**410,883**	473,692
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	**4,153**	3,597
Other reserves	23	**293,863**	213,569
Accumulated losses		**(215,257)**	(79,472)
		82,759	137,694
Non-controlling interests	35	**20,754**	16,476
Total equity		**103,513**	154,170

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	**4,393**	17,776
Deferred tax liabilities	26	**852**	1,941
Bank and other borrowings	27	**2,461**	617
		7,706	20,334
Current liabilities			
Trade payables	24	**74,320**	76,902
Accruals and other payables	25	**70,360**	74,741
Contract liabilities	18	**1,907**	24,904
Current income tax liabilities		**3,542**	3,635
Amount due to directors (2021: a director)	31(b)	**25,053**	51,220
Amount due to a substantial shareholder	31(b)	**–**	3,000
Lease liabilities	28	**3,371**	15,095
Bank and other borrowings	27	**79,130**	49,691
Financial liabilities at FVTPL	32	**41,981**	–
		299,664	299,188
Total liabilities		**307,370**	319,522
Total equity and liabilities		**410,883**	473,692
Net current liabilities		**(63,244)**	(22,421)
Total assets less current liabilities		**111,219**	174,504

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

The consolidated financial statements on pages 109 to 205 were approved and authorised for issue by the Board of Directors on 27 March 2023 and are signed on its behalf by:

Wu Xiaohua	**Shi Banchao**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 22)	**Share premium** RMB'000 (Note 23)	**Reserves** RMB'000 (Note 23)	**Accumulated losses** RMB'000	**Subtotal** RMB'000	**Non-controlling interests** RMB'000 (Note 35)	**Total equity** RMB'000
Balance at 1 January 2021	3,597	130,040	71,337	(639)	204,335	11,312	215,647
Comprehensive (loss)/income							
(Loss)/profit for the year	–	–	–	(76,238)	(76,238)	251	(75,987)
Other comprehensive loss							
Currency translation differences	–	–	(329)	–	(329)	–	(329)
Total comprehensive (loss)/income for the year	–	–	(329)	(76,238)	(76,567)	251	(76,316)
Transactions with owners in their capacity as owners							
Share-based payments (Note 23(ii))	–	–	5,772	–	5,772	–	5,772
Capital contribution to subsidiary by non-controlling interests (Note 34(ii))	–	–	4,154	–	4,154	4,913	9,067
Transfer to statutory reserve (Note 23(iii))	–	–	2,595	(2,595)	–	–	–
	–	–	12,521	(2,595)	9,926	4,913	14,389
Balance at 31 December 2021	3,597	130,040	83,529	(79,472)	137,694	16,476	154,170

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 22)	Share premium RMB'000 (Note 23)	Reserves RMB'000 (Note 23)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 35)	Total equity RMB'000
Balance at 1 January 2022	**3,597**	**130,040**	**83,529**	**(79,472)**	**137,694**	**16,476**	**154,170**
Comprehensive (loss)/income							
(Loss)/profit for the year	–	–	–	(128,192)	(128,192)	4,170	(124,022)
Other comprehensive income							
Currency translation differences	–	–	1,024	–	1,024	–	1,024
Total comprehensive income/(loss) for the year	–	–	1,024	(128,192)	(127,168)	4,170	(122,998)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	500	51,197	–	–	51,697	–	51,697
Issuance of awarded shares (Note 22(i))	56	–	(56)	–	–	–	
Share-based payments (Note 23(ii))	–	–	20,536	–	20,536	–	20,536
Deemed disposal of a subsidiary (Note 30)	–	–	–	–	–	108	108
Transfer to statutory reserve (Note 24(iii))	–	–	7,593	(7,593)	–	–	–
	556	51,197	28,073	(7,593)	72,233	108	72,341
Balance at 31 December 2022	4,153	181,237	112,626	(215,257)	82,759	20,754	103,513

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations	29	**(20,826)**	(8,842)
Income tax paid		**(480)**	(3,197)
Net cash used in operating activities		**(21,306)**	(12,039)
Cash flows from investing activities			
Purchase of intangible assets		**(40,541)**	(35,643)
Investment and advances to associates		**(9,130)**	–
Net cash outflow arising on deemed disposal of a subsidiary	30	**(13)**	–
Payment for property and equipment		**(2,524)**	(14,528)
Proceeds from disposal of property and equipment	29	**370**	3
Interests received	9	**41**	135
Net cash used in investing activities		**(51,797)**	(50,033)
Cash flows from financing activities			
Proceeds from issues of shares	22(ii)	**52,238**	–
Shares issues expenses paid	22(ii)	**(541)**	–
Interests paid		**(6,828)**	(6,163)
(Increase)/decrease in pledged bank deposits and other deposits		**(1,500)**	6,838
Capital contribution to a subsidiary by non-controlling interests		**–**	9,067
Deposit paid for acquisition of additional interests in a subsidiary		**(3,465)**	–
Proceeds from issuance of convertible loans	32	**40,000**	–
Repayment of lease liabilities	29	**(16,747)**	(16,793)
Advance from directors (2021: a director)	29	**95,528**	51,220
Repayment of advances from directors	29	**(121,695)**	–
(Repayment of advance)/advance from a substantial shareholder	29	**(3,000)**	3,000
Proceeds from other borrowings	29	**11,000**	–
Repayment of other borrowings	29	**(3,003)**	(6,438)
Proceeds from bank borrowings	29	**112,180**	85,528
Repayment of bank borrowings	29	**(88,894)**	(116,105)
Net cash generated from financing activities		**65,273**	10,154
Net decrease in cash and cash equivalents		**(7,830)**	(51,918)
Cash and cash equivalents at beginning of the year		**21,955**	74,184
Effect of currency translation differences		**986**	(311)
Cash and cash equivalents at end of the year		**15,111**	21,955

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Suoxinda Holdings Limited (the "Company") is a limited company incorporated in the Cayman Islands on 6 December 2018 as an exempted company. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are engaged in provision of data solutions, sales of hardware and software and related services as an integrated service, and information technology ("IT") maintenance and support services.

The Company listed its shares on Main Board of The Stock Exchange of Hong Kong Limited on 13 December 2019.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and related interpretations. The consolidated financial statements have been prepared under the historical cost convention, except for the financial liabilities at fair value through profit or loss, which is carried at fair value.

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

(a) Going Concern Basis

The Group incurred a loss of approximately RMB124,022,000 for the year ended 31 December 2022 and as at 31 December 2022 the Group had net current liabilities of approximately RMB63,244,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(a) Going Concern Basis (Continued)

These consolidated financial statements have been prepared on a going concern basis. The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(i) As set out in note 31(b) to the consolidated financial statements, according to the letter from Mr. Chen Zhenping, a director, to the Board of the Company dated 15 March 2023, in order to provide continuous financial support to the Company, the director will not demand repayment of the amount due to him of approximately RMB11,531,000 during the period from 1 January 2023 to 30 June 2024.

(ii) Two directors of the Company, Mr. Shi Banchao and Mr. Chen Zhenping, each will provide the loan financing funding support amounted to RMB30,000,000 and RMB30,000,000 respectively, within 18 months from the date of the letter, i.e. 16 March 2023.

(iii) Subsequent to the end of the reporting period, on 15 January 2023, the Company entered into agreements with subscribers for subscription of Company's shares at the subscription price of HK$0.645 per share. On 22 February 2023, the Company completed the issuance of 50,800,000 new shares to those subscribers to raise net proceeds up to approximately HK$31,533,000. For details, please refer to the Company's announcements on 15 January 2023 and 22 February 2023 respectively.

(iv) Subsequent to the end of the reporting period, on 19 March 2023, the Company entered into agreements with subscribers for subscription of 175,500,000 Company's shares at the subscription price of HK$0.76 per share and expected to raise proceeds up to approximately HKD133,380,000. The issuance of new shares is subjected to shareholders approval in extraordinary general meeting and approval from the listing committee of The Stock Exchange of the Hong Kong Limited.

(v) The Group is negotiating with the counterparties to renew the existing loans from them as set out in Note 27 to the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(a) Going Concern Basis (Continued)

Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

(b) Adoption of new and revised IFRSs

In the current year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise IFRS, IAS and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the consolidated financial statements of the Group.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(a) Subsidiaries (Continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statements of changes in equity and statements of financial position, respectively.

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

(b) Associates

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

(c) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(c) Equity accounting (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2.3 Business combination

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

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

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

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

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

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

The non-controlling interest is recognised in equity to the extent that the risks and rewards of ownership substantially remain with the non-controlling interest during the contract period. Where all of the risks and rewards of ownership have transferred to the Group, the non-controlling interest is not recognised.

The non-controlling interests in the subsidiary are initially measured at their acquisition-date fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Separate financial statements

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

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

2.5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors of the Company who make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong Dollar ("HKD") while the consolidated financial statements are presented in RMB, which the management of the Group considers that it is more beneficial for the users of the consolidated financial statements.

(b) Transaction and balances

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- capital balances for each consolidated statement of financial position presented are translated at the historical rate at the transaction date;
- all other assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the period-end date;
- income and expenses for each consolidated statement of comprehensive income are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and included within the exchange reserve.

On the disposal of the Group's entities, or a disposal involving loss of control over a subsidiary, all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the Company's equity holders are reclassified to the profit or loss.

2.7 Property and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property and equipment (Continued)

Depreciation of property and equipment are calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Building	20 years or over the unexpired lease period of leasehold land, whichever is shorter
Furniture, fittings and equipment	3 to 5 years
Motor vehicles	4 to 5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts of the relevant assets and are recognised within "other gains, net" in the consolidated statement of comprehensive income.

2.8 Intangible assets

(a) Computer software

Computer software is stated at cost less accumulated amortisation and impairment. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of one to five years using the straight-line method.

(b) Goodwill

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(c) Research and development expenditures

Costs associated with research and development are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised include the software development employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised when the asset is ready for use.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(d) Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. Customer relationship is carried at cost less accumulated amortisation and amortisation is calculated using the straight-line method to allocate the cost of customer relationship over 7 years.

(e) Backlog orders

Backlog orders acquired in a business combination are recognised at fair value at the acquisition date. The secured contracts have a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts of 2 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

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

2.10 Financial assets

2.10.1 Classification

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

- those to be measured subsequently at fair value through profit or loss; and

- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is managed. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See Note 16 for details of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.2 Measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented in "other gains, net".

- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "other gains, net" in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.3 Impairment

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

- Trade receivables;
- Contract assets;
- Other receivables;
- Pledged bank deposits; and
- Cash and cash equivalents

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

For cash and cash equivalents and pledged bank deposits, it is also subject to the impairment requirements under IFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of the Mainland China (Note 3.1(b)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.4 Derecognition

Financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Other financial liabilities

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Financial liabilities at FVTPL

Financial liabilities that are designated at FVTPL are initially recognised and are subsequently remeasured to their fair value at the end of each reporting period. The amount of change in the fair value of the financial liability at FVTPL that is attributable to changes in the credit risk of that liability is recognised 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. Changes in the fair value of financial liabilities not attributable to changes in credit risk are recognised immediately in profit or loss and are included in the consolidated statement of comprehensive income.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 2.10.3 and are reclassified to receivables when the right to the consideration has become unconditional.

2.14 Trade receivables and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.10.3 for a description of the Group's impairment policy for trade and other receivables.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.

2.16 Pledged bank deposits

Pledged deposits represented fixed deposits pledged to the bank for bank borrowings.

2.17 Share capital

Ordinary shares are classified as equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and when there is an intention to settle the balances on a net basis.

2.22 Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Employee social security and benefits obligations

The Group companies in the Mainland China participate in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the Mainland China. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition

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

Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or

- creates and enhances an asset that the customer controls as the Group performs; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- Direct measurements of the value transferred by the Group to the customer; or

- The Group's efforts or inputs to the satisfaction of the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a practical expedient, the Group does not adjust any of the transaction prices for the time value of money.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal who obtains control any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then consolidates with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Data solutions

Data solutions refer to data-driven operation services, including software development, data analysis, system integration and customisation, integration, storage, cleaning and processing of data and consulting services etc. Services are provided to the customers under separate contracts.

Revenue from data solutions is recognised when the Group has provided the promised service. The customer simultaneously receives and consumes the benefits provided by the Group over the period. The performance obligation is satisfied over time which is usually within one year with reference to the Group's inputs to the satisfaction of the performance obligation of the projects.

(b) Sales of hardware and software and related services as an integrated service

The Group provides multiple deliverables to customers, including on-site investigation, assessment of system specification and requirement, sales of hardware and software (including self-developed products), installation of equipment and software. It is accounted for as a single performance obligation since the Group provides an integrated service.

Revenue rendering from the sales of hardware and software and related services are recognised at a point when the sales and the related services are completed without further unfulfilled obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

(c) IT maintenance and support services

The provision of the IT maintenance and support services mainly includes the information technology integration services to the customer. Revenue from IT maintenance and support services is recognised in the accounting period when the Group provides the service and all of the benefits are received and consumed simultaneously by the customer throughout the contract period. Thus, the Group satisfies a performance obligation and recognises revenue over time with reference to the actual service period passed relative to the total contract period and the Group has present right to payment.

2.25 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.26 Government grants

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

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

2.27 Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Properties	3 to 5 years
Equipment	5 years

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of equipment lease.

2.28 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its bank and other borrowings, lease liabilities, cash and cash equivalents and pledged bank deposits. Except for some bank and other borrowings and lease liabilities which are entitled to fixed interest rates and expose the Group to the fair value interest rate risk, other bank borrowings, cash and cash equivalents and pledged bank deposits are carried at variable rates.

As at 31 December 2022, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, post-tax loss for the year would have been approximately RMB64,000 lower/higher (2021: post-tax loss for the year would have been approximately RMB93,000 lower/higher).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade receivables, contract assets and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and cash equivalents and pledged bank deposits

To manage risk arising from cash and cash equivalents and pledged bank deposits, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions.

Other receivables

For other receivables, the Group has measured its lifetime expected credit losses and has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables, as well as the loss upon default in each case. The Group also takes into account forward-looking information in the impairment of the other receivables. As at 31 December 2021 and 2022, the identified impairment loss for other receivables is assessed to be minimal.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets without financing components.

To measure the expected credit losses, trade receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Details of the loss allowance of trade receivables are included in Note 17.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses below also incorporate forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Details of the loss allowance of contract assets are included in Note 18.

As at 31 December 2022, the Group had significant concentration of credit risk in a few customers. The outstanding balances from the five largest customers, which had been included in trade receivables and contract assets, amounted to RMB38,528,000 (2021: RMB53,219,000) in aggregate, which represented approximately 19% (2021: 22%) of the total trade receivables and contract assets.

Other than the above, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over and 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Trade payables	76,902	–	–	–	76,902
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	15,423	–	–	–	15,423
Lease liabilities and interest payments	16,537	7,779	11,324	–	35,640
Bank and other borrowings and interest payments	50,732	637	–	–	51,369
Amount due to a director	53,653	–	–	–	53,653
Amount due to a substantial shareholder	3,143	–	–	–	3,143
	216,390	8,416	11,324	–	236,130
As at 31 December 2022					
Trade payables	**74,320**	**–**	**–**	**–**	**74,320**
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	**15,799**	**–**	**–**	**–**	**15,799**
Lease liabilities and interest payments	**3,659**	**2,128**	**2,564**	**–**	**8,351**
Bank and other borrowings and interest payments	**82,198**	**2,519**	**–**	**–**	**84,717**
Amount due to directors	**25,867**	**–**	**–**	**–**	**25,867**
Financial liability at fair value through profit or loss	**45,218**	**–**	**–**	**–**	**45,218**
	247,061	**4,647**	**2,564**	**–**	**254,272**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements

Except for the financial liabilities at fair value through profit or loss as disclosed in note 32 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

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

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(i) Disclosures of level in fair value hierarchy at 31 December 2022:

Description	Fair value measurements as at 31 December 2022 using: Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 2022 RMB'000
Recurring fair value measurements:				
Financial liabilities at FVTPL	–	–	41,981	41,981

During the year ended 31 December 2022, there were no transfer between financial instruments in Level 1 and Level 2 and no transfer into or out of Level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

(ii) Reconciliation of liabilities measured at fair value based on level 3:

	2022 **RMB'000**
Financial liabilities at FVTPL	
At 1 January	**–**
Issue of convertible loans	**40,000**
Total losses recognised in profit or loss	**1,981**
At 31 December	**41,981**

The total losses recognised in profit or loss are presented in fair value change of financial liabilities at FVTPL in the consolidated statement of comprehensive income.

(iii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

(iii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022: (Continued)

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2022 RMB'000
Convertible loans designated as financial liabilities at FVTPL	Binomial model, discounted cash flow	Expected volatility Discount rate	Increase Decrease	41,981

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings, financial liabilities at FVTPL and lease liabilities less cash and cash equivalents, pledged bank deposits and other deposits. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The debt-to-equity ratios were as follows:

	2022 RMB'000	2021 RMB'000
Bank and other borrowings (Note 27)	**81,591**	50,308
Financial liabilities at FVTPL (Note 32)	**41,981**	–
Lease liabilities (Note 28)	**7,764**	32,871
Less: Cash and cash equivalents (Note 21)	**(15,111)**	(21,955)
Pledged bank deposits (Note 21) and other deposits (Note 19(ii))	**(2,221)**	(721)
Net debt	**114,004**	60,503
Total equity	**103,513**	154,170
Debt-to-equity ratio	**1.10**	0.39

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for impairment of trade receivables, contract assets and other receivables

The Group follows the guidance of IFRS 9 to determine when trade receivables, contract assets and other receivables are impaired. This determination requires significant judgement and estimation. In making this judgement and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators, etc. The Group also take into account forward-looking information in the impairment assessment of trade receivables, contract assets and other receivables.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Current and deferred income taxes

The Company is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(c) Useful lives of property and equipment, right-of-use assets and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation expenses for its property and equipment, right-of-use assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, right-of-use assets and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation expenses where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Period review could result in a change in useful lives and therefore depreciation and amortisation expenses in future periods.

(d) Estimated impairment of non-financial assets

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets, for example goodwill, property, plant and equipment, intangible assets and right-of-use assets, are impaired, which requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash generating units ("CGUs") have been determined based on higher of fair value less costs of disposal or value-in-use calculations. These calculations require the use of estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Fair value of financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of fair value measurements are disclosed in Note 3.1(d) to the consolidated financial statements.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue		
– Data solutions	**267,589**	257,741
– Sales of hardware and software and related services as an integrated service	**77,914**	92,783
– IT maintenance and support services	**31,623**	46,848
	377,126	397,372
Timing of revenue recognition		
– At a point in time	**77,914**	92,783
– Over time	**299,212**	304,589
	377,126	397,372

The chief operating decision-maker ("CODM") has been identified as the directors of the Group. The directors of the Group regard the Group's business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented in the consolidated financial statements.

The amounts provided to the directors of the Group with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated statement of financial position.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from external parties contributing 10% or more of the total revenue of the Group is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Customer A	**92,285**	71,407

The Group's revenue by geographical locations (as determined by the area or country in which the Group operates) is analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Mainland China	**377,126**	392,412
Hong Kong	**–**	4,960
	377,126	397,372

All the Group's non-current assets are principally located in Mainland China.

For the Group's provision of data solutions and the sales of hardware and software and related services as an integrated service, contracts are for periods of one year or less. For the Group's IT maintenance and support services, the Group bills the amount for each hour of service provided, therefore, the Group uses "right to invoice" practical expedient to recognise revenue in the amount to which the Group has a right to invoice. As permitted under practical expedient of IFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

6 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

An analysis of other income and other gains, net is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Other income:		
Government grants (Note i)	**9,318**	9,393
Other (losses)/gains, net:		
Forfeit of rental deposits upon early termination of leases	**(1,546)**	–
Gain on leases modification and termination	**378**	–
Gain on deemed disposal of a subsidiary (Note 30)	**112**	–
Gain/(loss) on disposals of property and equipment (Note 29)	**24**	(1)
Loss on written off of property and equipment	**(4,844)**	–
Others	**(905)**	283
	(6,781)	282

Note:

(i) Government grants are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to engage in research and development activities and refund of the value-added-tax ("VAT") under the "immediate refund of VAT levied" policy.

7 LOSS BEFORE INCOME TAX

The Group's loss before income tax has been arrived at after charging/(crediting):

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Amortisation of intangible assets (Note 14)	**15,692**	9,677
Depreciation of property and equipment (Note 13)	**12,369**	11,926
Depreciation of right-of-use assets (Note 15)	**11,725**	12,634
Total amortisation and depreciation	**39,786**	34,237
Less: Capitalised in software development costs within intangible assets	**(141)**	(6,303)
	39,645	27,934
Employee benefit expenses (including directors' emoluments) (Note 8)	**267,880**	243,376
Expenses related to short-term leases	**1,610**	3,523
Auditor's remuneration	**1,675**	1,701
ECLs on trade receivables (Note 17)	**12,316**	19,332
ECLs on contract assets (Note 18)	**12,081**	4,552
Impairment loss on property and equipment (Note 13)	**4,756**	–
Impairment loss on intangible assets (Note 14)	**15,491**	–
Impairment loss on right-of-use assets (Note 15)	**3,753**	–
Fair value change of on financial liabilities at FVTPL (Note 32)	**1,981**	–

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**245,744**	238,908
Retirement benefit contributions (Note i)	**28,478**	30,073
Equity-settled share-based payments	**20,536**	5,772
	294,758	274,753
Less: portion capitalised as intangible assets	**(26,878)**	(31,377)
	267,880	243,376

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

Note:

(i) As stipulated by the rules and regulations in Mainland China, the subsidiaries operating in the Mainland China contribute to state-sponsored retirement plans for its employees during the years ended 31 December 2021 and 2022. The employees contribute approximately 8% of their basic salaries, while the subsidiaries contribute approximately 13-16% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2021: Nil) director whose emoluments are reflected in the analysis presented in Note 33. The emoluments payable to the remaining four (2021: five) individuals during the year are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**4,272**	7,763
Retirement benefit contributions	**453**	590
Equity-settled share-based payments	**2,520**	–
	7,245	8,353

The emoluments fell within the following bands:

	2022	2021
Emolument bands		
Nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**1**	–
HKD1,500,001 to HKD2,000,000	**1**	4
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**1**	–

9 FINANCE COSTS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	**41**	135
Finance costs		
– Interest expense on bank and other borrowings	**(6,828)**	(6,163)
– Finance charges on lease liabilities	**(1,255)**	(2,274)
	(8,083)	(8,437)
Finance costs, net	**(8,042)**	(8,302)

10 INCOME TAX CREDIT

The amount of income tax credit recorded in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax	**–**	–
– The People Republic of China ("PRC") enterprise income tax	**405**	27
Over-provision in prior years		
– PRC enterprise income tax	**(18)**	(1,215)
Deferred income tax (Note 26)		
– Current year	**(5,627)**	(2,313)
– Attributable to change in tax rate	**(247)**	–
Income tax credit	**(5,487)**	(3,501)

(i) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% during the year ended 31 December 2022 (2021: 16.5%).

10 INCOME TAX CREDIT (CONTINUED)

(ii) PRC enterprise income tax

Shenzhen Suoxinda Data Technology Co., Ltd. ("Suoxinda Shenzhen"),Suoxinda (Beijing) Data Technology Co., Ltd. ("Suoxinda Beijing") and Shenzhen Yinxing Intelligent Data Co., Ltd. ("Shenzhen Yinxing") were recognised by relevant Mainland China authorities as National High and New Technological Enterprise ("NHNTE") and were entitled to a preferential enterprise income tax rate of 15% from 2020 to 2023,from 2021 t0 2024 and from 2022 to 2025, respectively.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rates applicable to losses of the entities under the Group as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Loss before income tax	**(129,509)**	(79,488)
Less: share of profits of associates, net of tax	**(1,043)**	(2,313)
Loss before income tax before share of profits of associates	**(130,552)**	(81,801)
Tax calculated at domestic tax rates applicable to losses of the respective companies	**(22,831)**	(15,328)
Expenses not deductible for tax purposes	**9,191**	7,568
Over-provision in prior years	**(18)**	(1,215)
Super deduction for research and development expenses (Note i)	**(4,890)**	(9,745)
Tax losses for which no deferred tax was recognised	**13,577**	15,775
Utilisation of tax losses previously not recognised	**(269)**	(556)
Decrease in opening deferred tax assets/liabilities resulting from decrease in applicable tax rate	**(247)**	–
Income tax credit	**(5,487)**	(3,501)

Note:

(i) Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim up to 175%-200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended 31 December 2021 and 2022.

11 LOSS PER SHARE

	Year ended 31 December 2022	2021
Loss attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share (RMB'000)	**(128,192)**	(76,238)
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share (Number of shares in thousand)	**414,832**	402,156
Basic and diluted loss per share (RMB cents)	**(30.9)**	(19.0)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods and shares granted under share award scheme on 28 December 2021 and 8 April 2022.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the issue of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding to assume the issue of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards, share options and convertible loans because (i) the exercise price of those share options is higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme and convertible loans have anti-dilutive effects on the basic loss per share amounts presented. (2021: Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards and share options because the impacts of the exercise of the Company's outstanding share options and shares to be issued under share awards scheme have an anti-dilutive effect on the basic loss per share amounts presented.)

12 DIVIDENDS

No dividends had been paid or declared by the Company during the year ended 31 December 2022 (2021: Nil).

13 PROPERTY AND EQUIPMENT

	Building RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2021				
Cost	15,257	43,844	2,527	61,628
Accumulated depreciation	(3,681)	(3,866)	(1,074)	(8,621)
Net book amount	11,576	39,978	1,453	53,007
Year ended 31 December 2021				
Opening net book amount	11,576	39,978	1,453	53,007
Additions	–	10,783	–	10,783
Disposals	–	(4)	–	(4)
Depreciation	(724)	(10,878)	(324)	(11,926)
Currency translation differences	–	–	(18)	(18)
Closing net book amount	10,852	39,879	1,111	51,842
At 31 December 2021				
Cost	15,257	54,563	2,502	72,322
Accumulated depreciation	(4,405)	(14,684)	(1,391)	(20,480)
Net book amount	10,852	39,879	1,111	51,842
Year ended 31 December 2022				
Opening net book amount	**10,852**	**39,879**	**1,111**	**51,842**
Additions	**–**	**943**	**–**	**943**
Disposals	**–**	**(346)**	**–**	**(346)**
Written off	**–**	**(4,816)**	**(28)**	**(4,844)**
Depreciation	**(724)**	**(11,332)**	**(313)**	**(12,369)**
Impairment loss (Note i)	**–**	**(4,600)**	**(156)**	**(4,756)**
Currency translation differences	**–**	**–**	**38**	**38**
Closing net book amount	**10,128**	**19,728**	**652**	**30,508**
At 31 December 2022				
Cost	**15,257**	**47,519**	**2,021**	**64,797**
Accumulated depreciation	**(5,129)**	**(23,191)**	**(1,213)**	**(29,533)**
Accumulated impairment loss	**–**	**(4,600)**	**(156)**	**(4,756)**
Net book amount	**10,128**	**19,728**	**652**	**30,508**

13 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	**608**	–
Selling expenses	**40**	54
Administrative expenses	**3,690**	3,305
Research and development expenses	**8,031**	8,567
	12,369	11,926

As at 31 December 2022, building of RMB10,128,000 was pledged to the Group's certain bank borrowings (2021: RMB10,852,000) (Note 27(a)).

As at 31 December 2022, equipment of RMB18,445,000 was pledged to the Group's other borrowings (2021: RMB Nil) (Note 27(b)).

Note:

(i) The Group carried out reviews of the recoverable amount of its cash generating unit ("CGU") without Shenzhen Yinxing Intelligent Data Co., Ltd ("Shenzhen YinXing") in 2022 as a result of the deterioration of the operating results of the CGU. These assets are used in the Group's single operating segment. The reviews led to the recognition of impairment losses of RMB4,756,000, RMB15,491,000 (Note 14) and RMB3,753,000 (Note 15) on property and equipment, intangible assets and right-of-use assets respectively, that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurement). The key assumptions including average annual growth rate, pre-tax discount rate used and terminal growth rate used in the value in use calculations are 7%, 16% and 3% respectively.

14 INTANGIBLE ASSETS

	Goodwill (Note iii) RMB'000	Customer relationship (Note ii) RMB'000	Backlog orders (Note i) RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2021					
Cost	18,598	8,017	1,948	40,333	68,896
Accumulated amortisation	–	(45)	(37)	(14,032)	(14,114)
Net book amount	18,598	7,972	1,911	26,301	54,782
Year ended 31 December 2021					
Opening net book amount	18,598	7,972	1,911	26,301	54,782
Additions	–	–	–	41,946	41,946
Amortisation charge	–	(1,145)	(974)	(7,558)	(9,677)
Closing net book amount	18,598	6,827	937	60,689	87,051
At 31 December 2021					
Cost	18,598	8,017	1,948	82,279	110,842
Accumulated amortisation	–	(1,190)	(1,011)	(21,590)	(23,791)
Net book amount	18,598	6,827	937	60,689	87,051

14 INTANGIBLE ASSETS (CONTINUED)

	Goodwill (Note iii) RMB'000	Customer relationship (Note ii) RMB'000	Backlog orders (Note i) RMB'000	Computer software RMB'000	Total RMB'000
Year ended 31 December 2022					
Opening net book amount	18,598	6,827	937	60,689	87,051
Additions	–	–	–	40,682	40,682
Deemed disposal of a subsidiary (Note 30)	–	–	–	(755)	(755)
Amortisation charge	–	(1,145)	(937)	(13,610)	(15,692)
Impairment loss (Note 13(i))	–	–	–	(15,491)	(15,491)
Closing net book amount	18,598	5,682	–	71,515	95,795
At 31 December 2022					
Cost	18,598	8,017	1,948	122,206	150,769
Accumulated amortisation	–	(2,335)	(1,948)	(35,200)	(39,483)
Accumulated impairment loss	–	–	–	(15,491)	(15,491)
Net book amount	18,598	5,682	–	71,515	95,795

During the year ended 31 December 2022, the Group has capitalised development costs of RMB33,401,000 where the software developed is ready for use (2021: RMB38,819,000).

Amortisation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December 2022 RMB'000	2021 RMB'000
Administrative expenses	8,417	2,333
Research and development expenses	7,275	7,344
	15,692	9,677

14 INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Backlog orders

Backlog orders were acquired in the business combination and represent customer contracts that are outstanding at the time of acquisition, from which there is a set of expected benefits to be received and accordingly the Group has made reference to the best estimate of the expected benefits and adopted amortisation over 2 years.

(ii) Customer relationship

Customer relationships were acquired in the business combination. The customer relationships are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based over their expected lives of the customer relationships (i.e. 7 years). It is determined with reference to the Group's best estimate of the expected contract period with the customers based on the historical renewal pattern and the industry practice.

(iii) Goodwill

In 2022, goodwill mainly arose from the acquisition of Shenzhen YinXing. As at 31 December 2022, goodwill has been allocated to Shenzhen YinXing for impairment assessment. Impairment assessment was carried out by the management annually or when impairment indicators exist at the end of each reporting period by comparing the recoverable amounts of Shenzhen YinXing to their carrying amounts. For the purpose of the goodwill impairment review, the recoverable amount is the higher of its fair value less costs of disposal and its value in use.

As at 31 December 2022, the recoverable amount of Shenzhen YinXing has been determined based on value-in-use calculation. It is calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The key assumptions including average annual growth rate, pre-tax discount rate and terminal growth rate used in the value-in-use calculations in 2022 are as follows:

	Shenzhen Yinxing	
	2022	2021
Average annual growth rate	**12%**	13%
Pre-tax discount rate	**19%**	20%
Terminal growth rate	**3%**	3%

The average annual growth rate used is based on past performance and the management's expectations of the market development. The discount rates used are pre-tax and reflect specific risks. The terminal growth rates used are largely in line with the forecasts included in industry reports.

15 RIGHT-OF-USE ASSETS

	Properties RMB'000	Equipment RMB'000	Total RMB'000
At 1 January 2021			
Cost	37,060	20,334	57,394
Accumulated depreciation	(4,828)	(322)	(5,150)
Net book amount	32,232	20,012	52,244
Year ended 31 December 2021			
Opening net book amount	32,232	20,012	52,244
Additions	2,128	–	2,128
Depreciation	(9,222)	(3,412)	(12,634)
Closing net book amount	25,138	16,600	41,738
At 31 December 2021			
Cost	39,188	20,334	59,522
Accumulated depreciation	(14,050)	(3,734)	(17,784)
Net book amount	25,138	16,600	41,738
Year ended 31 December 2022			
Opening net book amount	**25,138**	**16,600**	**41,738**
Additions	**7,495**	**–**	**7,495**
Modification of leases	**(7,488)**	**–**	**(7,488)**
Termination of leases	**(9,244)**	**–**	**(9,244)**
Depreciation	**(8,306)**	**(3,419)**	**(11,725)**
Impairment loss (Note 13(i))	**(1,216)**	**(2,537)**	**(3,753)**
Closing net book amount	**6,379**	**10,644**	**17,023**
At 31 December 2022			
Cost	**29,951**	**20,334**	**50,285**
Accumulated depreciation	**(22,356)**	**(7,153)**	**(29,509)**
Accumulated impairment loss	**(1,216)**	**(2,537)**	**(3,753)**
Net book amount	**6,379**	**10,644**	**17,023**

15 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Administrative expenses	**8,306**	9,222
Research and development expenses	**3,419**	3,412
	11,725	12,634

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
– Trade receivables (Note 17)	**82,322**	114,886
– Other receivables (Note 19)	**12,322**	5,816
– Pledged bank deposits (Note 21)	**221**	221
– Cash and cash equivalents (Note 21)	**15,111**	21,955
	109,976	142,878
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
– Trade payables (Note 24)	**74,320**	76,902
– Bank and other borrowings (Note 27)	**81,591**	50,308
– Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses) (Note 25)	**15,799**	15,423
– Amount due to directors (2021: a director) (Note 31(b))	**25,053**	51,220
– Amount due to a substantial shareholder (Note 31(b))	**–**	3,000
	196,763	196,853
Financial liabilities at FVTPL (Note 32)	**41,981**	–
	238,744	196,853

17 TRADE RECEIVABLES

Trade receivables analysis is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables	**129,982**	150,230
Less: allowance for expected credit losses	**(47,660)**	(35,344)
	82,322	114,886

The carrying amounts of trade receivables approximate their fair values at each reporting date and are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**82,008**	109,131
USD	**314**	5,752
HKD	**–**	3
	82,322	114,886

As at 31 December 2022, trade receivables outstanding from certain specific customers of the Group of approximately RMB36,323,000 have been pledged to certain bank borrowings of the Group (2021: RMB3,131,000) (Note 27(a)).

17 TRADE RECEIVABLES (CONTINUED)

Movements on the Group's allowance for expected credit losses on trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**(35,344)**	(16,012)
Increase in expected credit losses	**(12,316)**	(19,332)
At the end of the year	**(47,660)**	(35,344)

(a) The Group allows a credit period of up to 60 days to its customers. The aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Up to 3 months	**64,881**	84,278
3 to 6 months	**685**	6,898
6 months to 1 year	**4,768**	20,420
Over 1 year	**59,648**	38,634
	129,982	150,230

17 TRADE RECEIVABLES (CONTINUED)

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Financial assets are written off when there is no reasonable expectation of recovery.

The allowance for expected credit losses on trade receivables as of 31 December 2021 and 2022 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
31 December 2021:						
Weighted average expected loss rate	7%	8%	27%	45%	63%	
Gross carrying amount (in thousand)	55,121	31,211	14,807	31,502	17,589	150,230
Allowance for expected credit losses (in thousand)	3,664	2,451	4,036	14,055	11,138	35,344
31 December 2022:						
Weighted average expected loss rate	**2%**	**5%**	**17%**	**66%**	**77%**	
Gross carrying amount (in thousand)	**43,133**	**22,011**	**3,200**	**21,072**	**40,566**	**129,982**
Allowance for expected credit losses (in thousand)	**720**	**1,107**	**531**	**13,883**	**31,419**	**47,660**

Weighted average expected credit losses rates were determined based on the cash collection performance for customers with respect to the credit terms granted to each customer and also taking into account the forward-looking information. The cash collection patterns are affected by a number of factors including but not limited to the change in customer portfolios of the Group, the effort of cash collection from the customers, the timing of settlement processes by customers of the Group etc.

18 CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) analysis is as follows:

	As at 31 December		As at 1 January
	2022	2021	2021
	RMB'000	RMB'000	RMB'000
Contract assets	**147,378**	142,002	106,733
Less: allowance for expected credit losses	**(22,538)**	(10,457)	(5,905)
	124,840	131,545	100,828
Contract liabilities	**(1,907)**	(24,904)	(1,213)

Movements on the Group's allowance for expected credit losses on contact assets are as follows:

	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**(10,457)**	(5,905)
Increase in expected credit losses	**(12,081)**	(4,552)
At the end of the year	**(22,538)**	(10,457)

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress. Except for several customers with contract assets amounted to RMB18,932,000 (2021: RMB3,051,000) has been fully provided in view of increase in credit risk, the remaining balances substantially have the same risk characteristics as the trade receivables.

18 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The following table shows the revenue recognised during the year ended 31 December 2021 and 2022 related to carried-forward contract liabilities:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the year	**24,904**	1,213

19 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Prepayments		
Prepaid expenses	**1,604**	2,344
Other receivables		
Utilities and other deposits (Note i)	**4,464**	4,732
Other receivables	**1,728**	1,084
Amounts due from associates (Note ii)	**6,130**	–
	12,322	5,816

Notes:

(i) Pledged deposit of approximately RMB1,000,000 (2021: RMB500,000) with an independent third party which are pledged for bank borrowings of RMB8,650,000 (2021: RMB2,750,000) as at 31 December 2022 (Note 27(a)).

Pledged deposits of approximately RMB1,000,000 (2021: RMB Nil) with an independent third party which are pledged for other borrowings of RMB7,997,000 (2021: RMB Nil) as at 31 December 2022 (Note 27(b)).

(ii) The amounts due from associates are unsecured, interest-free and repayable on demand.

19 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of other receivables approximated their fair values at each reporting date. The prepayments and other receivables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**13,763**	8,041
HKD	**163**	119
	13,926	8,160

20 INVESTMENT IN ASSOCIATES

	2022	2021
	RMB'000	RMB'000
As at 1 January	**12,652**	10,339
Addition (Note)	**3,000**	–
Addition arising from deemed disposal of a subsidiary (Note 30)	**2,550**	–
Share of profits of associates	**1,043**	2,313
As at 31 December	**19,245**	12,652

Note:

On 7 December 2021, the Group entered into a shareholder agreement with two independent third parties to invest 30% of the issued share capital in 深圳數希科技有限公司, at a consideration of approximately RMB3,000,000. The capital was injected by the Group during the year ended 31 December 2022.

20 INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates of the Group are as follows:

Name	Country and date of establishment	Registered capital	Percentage of equity interest attributable to the Group	Principal activities
Caixin (Nanjing Jiangbei New District) Financial Technology Research Co., Ltd. (賽信(南京江北新區)金融科技研究院有限公司)*	Mainland China, 4 January 2019	RMB2,000,000	20.00%	Provision of data solutions
Shenzhen JiChuang 深圳極創投資企業(有限合夥)*	Mainland China, 28 May 2018	RMB35,000,000	28.57%	Investment management
深圳數希科技有限公司	Mainland China, 7 December 2021	RMB10,000,000	30.00%	Provision of data solutions
索信達(深圳)軟件技術有限公司	Mainland China, 1 November 2021	RMB8,500,000	30.00%	Provision of data solutions, sales of hardware and software and related services as an integrated service

* The English names of the companies referred above represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

There are no material contingent liabilities relating to the Group's investment in associates, and no material contingent liabilities of the associates themselves.

Shenzhen JiChuang is a material associate of the Group. Set out below is the summarised financial information of the company.

Summarised statement of financial position

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
ASSETS		
Non-current assets	**49,955**	43,510
Current assets	**5**	5
Total assets and net assets	**49,960**	43,515

20 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Profit and total comprehensive income	**6,445**	8,511

Reconciliation of summarised financial information

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Initial recognition of the investment	**43,515**	35,004
Profit and total comprehensive income for the year	**6,445**	8,511
Closing net assets	**49,960**	43,515
Group's share in %	**28.57%**	28.57%
Group's share in RMB	**14,274**	12,432
Carrying amount of the investment	**14,274**	12,432

The following table shows, in aggregate, the Group's share of the amount of the individually immaterial associate that is accounted for using the equity method.

	2022 RMB'000	2021 RMB'000
As at 31 December:		
Carrying amounts of interests	**4,971**	220
Year ended 31 December:		
Loss and total comprehensive loss	**(798)**	(119)

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash at bank	**15,034**	21,883
Cash on hand	**77**	72
Cash and cash equivalents	**15,111**	21,955
Pledged bank deposits (Note i)	**221**	221
Maximum exposure to credit risk	**15,332**	22,104

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**14,742**	16,562
USD	**104**	1,360
HKD	**265**	4,033
	15,111	21,955

Note:

(i) As at 31 December 2022, bank deposits of RMB221,000 (2021: RMB221,000) were pledged at banks to secure the Group's bank borrowings (Note 27(a)). Pledged bank deposits are denominated in RMB and deposited with creditworthy banks with no recent history of default.

As at 31 December 2022, the Group had cash and cash equivalents and pledged bank deposits amounting to RMB14,963,000 (2021: RMB16,783,000), which are held in Mainland China. These balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

22 SHARE CAPITAL

	Note	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares RMB'000
Authorised:			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		2,000,000,000	17,890
Issued:			
As at 1 January 2021, 31 December 2021, 1 January 2022		402,150,537	3,597
Issuance of award shares	(i)	6,710,901	56
Issuance of new shares	(ii)	58,206,598	500
As at 31 December 2022		467,068,036	4,153

Notes:

(i) On 28 December 2021 and 8 April 2022, the Board approved the grants of awards of a total of 5,972,322 awarded shares and 738,579 awarded shares (excluding 40,000 shares granted to connected persons and shall be satisfied by purchasing shares from the open market) respectively under the Share Awards Scheme (Note 37). For details, please refer to the Company's announcements on 28 December 2021 and 8 April 2022 respectively.

(ii) On 1 September 2022, the Company entered into agreements with general mandate subscribers for subscription of Company's shares at the subscription price of HK$1.045 per share. On 17 October 2022 and 3 November 2022, the Company completed the issuance of 30,931,598 new shares and 27,275,000 new shares to those subscribers respectively to raise gross proceeds up to approximately RMB52,238,000, and net of shares issues expenses of approximately RMB541,000. For details, please refer to the Company's announcements on 1 September 2022, 23 September 2022, 30 September 2022, 1 October 2022, 17 October 2022, 24 October 2022 and 3 November 2022 respectively.

23 OTHER RESERVES

	Share premium RMB'000 (Note i)	Capital reserve RMB'000 (Note ii)	Share-based payment reserve RMB'000 (Note iii)	Other Reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Total RMB'000
Balance at 1 January 2021	130,040	63,219	–	–	(2,587)	10,705	201,377
Other comprehensive loss							
Currency translation differences	–	–	–	–	(329)	–	(329)
Transactions with owners in their capacity as owners							
Share-based payments (Note ii)	–	–	5,772	–	–	–	5,772
Capital contribution to a subsidiary by non-controlling interests (Note 34(ii))	–	4,154	–	–	–	–	4,154
Transfer to statutory reserve (Note iii)	–	–	–	–	–	2,595	2,595
	–	4,154	5,772	–	–	2,595	12,521
Balance at 31 December 2021	130,040	67,373	5,772	–	(2,916)	13,300	213,569
Balance at 1 January 2022	**130,040**	**67,373**	**5,772**	**–**	**(2,916)**	**13,300**	**213,569**
Other comprehensive income							
Currency translation differences	**–**	**–**	**–**	**–**	**1,024**	**–**	**1,024**
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	**51,197**	**–**	**–**	**–**	**–**	**–**	**51,197**
Issuance of awarded shares (Note 22(i))	**–**	**–**	**–**	**(56)**	**–**	**–**	**(56)**
Share-based payments (Note ii)	**–**	**–**	**20,536**	**–**	**–**	**–**	**20,536**
Transfer to statutory reserve (Note iii)	**–**	**–**	**–**	**–**	**–**	**7,593**	**7,593**
	51,197	**–**	**20,536**	**(56)**	**–**	**7,593**	**79,270**
Balance at 31 December 2022	**181,237**	**67,373**	**26,308**	**(56)**	**(1,892)**	**20,893**	**293,863**

23 OTHER RESERVES (CONTINUED)

Notes:

(i) Capital reserve represents the combined paid-in capital of the group companies and capital contribution to subsidiaries by equity holders of subsidiaries upon completion of the reorganisation and the differences between the capital contribution by non-controlling interests and the carrying amount of the non-controlling interests attributable to the reduction of Group's equity interests in subsidiaries.

(ii) The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options and awarded shares granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.29 to the consolidated financial statements.

(iii) The balance is reserved by the subsidiaries in the Mainland China in accordance with the relevant Mainland China regulations. The Mainland China laws and regulations require companies registered in Mainland China to provide for certain statutory reserve, which is to be appropriated from the net profit (after offsetting accumulated loss from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. Mainland China Company is required to appropriate 10% of statutory net profits to statutory reserve, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contributions to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

24 TRADE PAYABLES

Trade payables analysis is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables	**74,320**	76,902

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0 to 30 days	**38,091**	39,399
31 to 60 days	**8,849**	8,528
61 to 90 days	**1,517**	2,690
Over 90 days	**25,863**	26,285
	74,320	76,902

24 TRADE PAYABLES (CONTINUED)

The carrying amounts of the trade payables approximate their fair values as at 31 December 2021 and 2022. The trade payables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**70,094**	70,056
HKD	**–**	3
USD	**4,226**	6,843
	74,320	76,902

25 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Accrued salaries and wages	**33,680**	38,599
Other tax payables	**20,881**	20,719
Payables for purchase of equipment and intangible assets	**1,037**	2,618
Consideration payable for the acquisition of a subsidiary	**1,574**	1,574
Other payables	**13,188**	11,231
	70,360	74,741

25 ACCRUALS AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the accruals and other payables (excluding non-financial liabilities) approximate their fair values as at 31 December 2021 and 2022. The carrying amounts of the accruals and other payables (excluding non-financial liabilities) are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	**13,113**	11,171
HKD	**2,686**	4,252
	15,799	15,423

26 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes are related to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred tax assets	**8,427**	3,642
Deferred tax liabilities	**(852)**	(1,941)
	7,575	1,701

26 DEFERRED TAXATION (CONTINUED)

The net movement on the deferred income tax assets/(liabilities) of the Group is as follows:

	Decelerated tax depreciation RMB'000	Net impairment losses on financial and contract assets RMB'000	Fair value adjustment on assets and liabilities upon acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2021	645	1,214	(2,471)	(612)
Credited to the consolidated statement of comprehensive income (Note 10)	472	1,311	530	2,313
At 31 December 2021	1,117	2,525	(1,941)	1,701
At 1 January 2022	**1,117**	**2,525**	**(1,941)**	**1,701**
Decrease in opening deferred tax assets and liabilities resulting from decrease in applicable tax rate (Note 10)	**(5)**	**(524)**	**776**	**247**
Credited to the consolidated statement of comprehensive income (Note 10)	**1,440**	**3,874**	**313**	**5,627**
At 31 December 2022	**2,552**	**5,875**	**(852)**	**7,575**

There are no income tax consequences attaching to the payment of dividends by the companies now comprising the Group to their then respective shareholders.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in Mainland China at 31 December 2022 in respect of the tax losses in the amount of approximately RMB181,735,000 (2021: RMB115,179,000) due to the unpredictability of future profit streams. These tax losses will expire by 31 December 2032 (2021: 31 December 2031).

According to the new EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of Mainland China when their Mainland China subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between Mainland China and the jurisdiction of the foreign immediate holding company.

26 DEFERRED TAXATION (CONTINUED) (CONTINUED)

As at 31 December 2022, deferred income tax liabilities of RMB3,487,000 (2021: RMB8,092,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in Mainland China based on the profits for the year ended 31 December 2022. The unremitted earnings are to be used for long-term future development. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

27 BANK AND OTHER BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current		
Bank borrowings (Note (a))	**–**	617
Other borrowings (Note (b))	**2,461**	–
	2,461	617
Current		
Bank borrowings (Note (a))	**73,594**	49,691
Other borrowings (Note (b))	**5,536**	–
	79,130	49,691
Total	**81,591**	50,308

27 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings

The bank loans due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**73,594**	49,691
In the second year	**–**	617
	73,594	50,308
Less: portion classified as current liabilities	**(73,594)**	(49,691)
Portion classified as non-current liabilities	**–**	617

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB.

The weighted average interest rate is 5.9% per annum for the year ended 31 December 2022 (2021: 5.3%).

As at 31 December 2022, the Group had aggregate banking facilities of RMB82,000,000 (2021: RMB57,000,000). Unused facilities as at the same date amounted to RMB16,570,000 (2021:RMB20,360,000). The Group's banking facilities are secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB14,850,000 as at 31 December 2022 (2021: RMB11,550,000);

(ii) building of the Group of approximately RMB10,128,000 as at 31 December 2022 (2021: RMB10,852,000) (Note 13);

(iii) pledged bank deposits of approximately RMB221,000 held at bank as at 31 December 2022 (2021: RMB221,000) (Note 21);

(iv) trade receivables outstanding from certain specific customers of the Group of approximately RMB36,323,000 as at 31 December 2022 (2021:RMB3,131,000) (Note 17);

(v) other deposits of the Group of RMB1,000,000 as at 31 December 2022 (2021: RMB500,000)(Note 19(i)); and

(vi) Personal guarantees from Mr. Song Hongtao ("Mr. Song") (Notes 31 and 33(a)(i)), Mr. Wu Xiaohua ("Mr. Wu") (Note 31) and their spouses and a director of a subsidiary.

27 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Other borrowings

The loan due for repayment, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within one year	**5,536**	–
In the second year	**2,461**	–
	7,997	–
Less: portion classified as current liabilities	**(5,536)**	–
Portion classified as non-current liabilities	**2,461**	–

In June 2022, the Group entered into a sale and leaseback agreement with an independent third party to obtain a loan at a principal amount of RMB11,000,000. The loan bear interest at 9.2% per annum and is repayable in equal monthly instalments by 2024.

The Group's other borrowings are secured by:

(i) certain equipment of the Group of approximately RMB18,445,000 as at 31 December 2022 (2021: Nil) (Note 13); and

(ii) other deposits of the Group of RMB1,000,000 as at 31 December 2022 (2021: Nil) (Note19 (i)).

The carrying amounts of bank and other borrowings approximate their fair values as at 31 December 2022.

28 LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Within one year	**3,659**	16,537
One to two years	**2,128**	7,779
Two to five years	**2,564**	11,324
Total lease payments	**8,351**	35,640
Less: future finance charges	**(587)**	(2,769)
Total lease liabilities	**7,764**	32,871
Less: portion classified as current liabilities	**(3,371)**	(15,095)
	4,393	17,776

The Group leases various office premises and equipment under lease agreements. The lease liabilities are denominated in RMB. No arrangement has been entered into for variable lease payments.

During the year, the Group's expenses related to short-term leases of RMB1,610,000 for the year ended 31 December 2022 (2021: RMB3,523,000) have been recognised as expenses and included in cost of sales, administrative expenses and research and development expenses in the consolidated statement of comprehensive income.

The total cash outflows for leases including payments of lease liabilities and payments of interest expenses for the year ended 31 December 2022 is RMB18,357,000 (2021: RMB20,316,000).

The total lease commitment related to short-term leases as at 31 December 2022 is RMB47,000 (2021: RMB157,000).

29 CASH USED IN OPERATIONS

	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Loss before income tax	**(129,509)**	(79,488)
Adjustments for:		
Equity-settled share-based payments	**20,536**	5,772
Share of profits of associates	**(1,043)**	(2,313)
Gain on leases modification	**(187)**	–
Gain on leases termination	**(191)**	–
Depreciation of property and equipment	**12,369**	6,566
Amortisation of intangible assets	**15,551**	8,734
Depreciation of right of use assets	**11,725**	12,634
Impairment loss on property and equipment	**4,756**	–
Impairment loss on intangible assets	**15,491**	–
Impairment loss on right-of-use assets	**3,753**	–
ECLs on trade receivables	**12,316**	19,332
ECLs on contract assets	**12,081**	4,552
(Gain)/loss on disposal of property and equipment	**(24)**	1
Loss on written off of property and equipment	**4,844**	–
Gain on deemed disposal of a subsidiary	**(112)**	–
Finance costs, net	**8,042**	8,302
Fair value change of financial liabilities at FVTPL	**1,981**	–
Operating cash flows before changes in working capital	**(7,621)**	(15,908)
Changes in working capital:		
Decrease/(increase) in trade receivables	**13,268**	(16,153)
Decrease in prepayments and other receivables	**1,819**	1,214
Increase in contract assets/liabilities, net	**(28,373)**	(11,578)
(Decrease)/increase in trade payables	**(2,582)**	8,227
Increase in accruals and other payables	**2,663**	25,356
Cash used in operations	**(20,826)**	(8,842)

29 CASH USED IN OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	2022 RMB'000	2021 RMB'000
Property and equipment		
Net book value	**346**	4
Gain/(loss) on disposals of property and equipment (Note 6)	**24**	(1)
Proceeds from disposals of property and equipment	**370**	3

(a) Non-cash transactions

During the year ended 31 December 2022, additions to the right-of-use assets amounted to RMB7,495,000 (2021: RMB2,128,000).

(b) Net (debt)/cash reconciliation

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

	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	**15,111**	21,955
Pledged bank deposits and other deposits	**2,221**	721
Bank and other borrowings	**(81,591)**	(50,308)
Amount due to directors (2021: a director)	**(25,053)**	(51,220)
Amount due to a substantial shareholder	**–**	(3,000)
Lease liabilities	**(7,764)**	(32,871)
Financial liabilities at FVTPL	**(41,981)**	–
Net debt	**(139,057)**	(114,723)

29 CASH USED IN OPERATIONS (CONTINUED)

(b) Net (debt)/cash reconciliation (Continued)

	Cash and cash equivalents RMB'000	Pledged bank deposits and other deposits RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amount due to directors RMB'000	Amount due to a substantial shareholder RMB'000	Financial Liabilities at FVTPL RMB'000	Total RMB'000
Net cash as at 1 January 2021	74,184	7,559	(87,323)	(45,262)	–	–	–	(50,842)
Cash flows	(51,918)	(6,838)	37,015	16,793	(51,220)	(3,000)	–	(59,168)
Acquisition – leases	–	–	–	(2,128)	–	–	–	(2,128)
Lease interests	–	–	–	(2,274)	–	–	–	(2,274)
Foreign exchange adjustments	(311)	–	–	–	–	–	–	(311)
Net debt as at 31 December 2021	21,955	721	(50,308)	(32,871)	(51,220)	(3,000)	–	(114,723)
Cash flows	(7,830)	1,500	(31,283)	16,747	26,167	3,000	(40,000)	(31,699)
Termination – leases	–	–	–	9,435	–	–	–	9,435
Modification – leases	–	–	–	7,675	–	–	–	7,675
Acquisition – leases	–	–	–	(7,495)	–	–	–	(7,495)
Lease interests	–	–	–	(1,255)	–	–	–	(1,255)
Fair value change on financial liabilities at FVTPL	–	–	–	–	–	–	(1,981)	(1,981)
Foreign exchange adjustments	986	–	–	–	–	–	–	986
Net debt as at 31 December 2022	**15,111**	**2,221**	**(81,591)**	**(7,764)**	**(25,053)**	**–**	**(41,981)**	**(139,057)**

30 DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

On 13 December 2022, there are two independent investors further injected additional capital of RMB3,500,000 to acquire additional interests in a subsidiary of the Group, i.e. 索信达（深圳）軟件技術有限公司 ("索信达軟件"). As a result, the registered capital of 索信达軟件 was increased from RMB5,000,000 to RMB8,500,000 and the Group's equity interests in 索信达軟件 was diluted from 51% to 30%. The Group lost control in 索信达軟件 and accounted the 30% retained interests in 索信达軟件 as an associate. The fair value of 30% retained interests in 索信达軟件 at the date on which control was lost were regarded as the cost in initial recognition of the Group's interests in an associate.

30 DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY (CONTINUED)

The carrying amounts of assets and liabilities of 索信达軟件 derecognised at the date on which the control was lost are as follows:

	RMB'000
Intangible assets (Note 14)	755
Trade receivables	6,980
Other receivables, prepayments and deposits	45
Cash and cash equivalents	13
Accruals and other payables	(5,463)
Net assets disposed of	2,330
Add: Non-controlling interests	108
Less: Fair value of 30% retained interests in 索信达軟件 held by the Group – classified as interests in associates (Note 20)	(2,550)
Gain on deemed disposal of a subsidiary (Note 6)	(112)

Net cash outflow arising on deemed disposal of a subsidiary:

	RMB'000
Consideration	–
Cash and cash equivalents disposed of	(13)
Net outflow of cash – investing activities	(13)

31 RELATED PARTY BALANCES AND TRANSACTIONS

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

Management is of the view that the following were related parties that had transactions or balances with the Group as at and during the year ended 31 December 2022.

Name of the related parties	**Relationship with the Group**
Mr. Shi Banchao ("Mr. Shi")	Executive Director, shareholder and the Chief Executive Officer (Note 33(viii))
Mr. Wu Xiaohua ("Mr. Wu")	Executive Director, shareholder and the Chief Financial Officer
Mr. Song Hongtao ("Mr. Song")	Executive Director (Note 33(i))
Mr. Wu Fu-Shea	Non-executive Director and Chairman (Note 33(ii))
Mr. Chen Zhenping ("Mr. Chen")	Non-executive Director (Note 33(ix))
Ms. Zhao Yue ("Ms. Zhao")	Non-executive Director (Note 33(x))
Dr. Chen Wei ("Dr. Chen)	Executive Director (Note 33(xiii))
Mr. Yang Haifeng ("Mr. Yang)	Executive Director (Note 33(xiv))
Ms. Jiang Yadong	Mr. Shi's spouse
Mr. Song Aihua	Senior management
Ms. Wei Huijuan	Senior management
Ms. Yu Hongcui	Senior management
Mr. Jiang Jingxiang	Senior management
Mr. Jiang Shunli	Senior management
Ms. Dong Shiqin	Senior management
Ms. Liu Qin	Senior management
Mr. Dong Wei	Senior management
Mr. Qin Gang	Senior management

31 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(a) Key management compensation

The compensation paid or payable to key management for employee services during the years ended 31 December 2021 and 2022 are shown below:

	2022 **RMB'000**	2021 RMB'000
Salaries, bonuses, fees and allowances	**14,062**	14,836
Retirement benefit contributions	**1,513**	1,306
Equity-settled share-based payments	**4,104**	1,277
	19,679	17,419

(b) Related parties balances

Details of amounts due from associates are disclosed in note 19(ii) to the consolidated financial statements.

Details of the amounts due to directors and a substantial shareholder as at 31 December 2021 and 2022 are shown below:

	2022 **RMB'000**	2021 RMB'000
Amount due to directors		
Mr. Song (Note i)	**12,834**	51,220
Mr. Chen (Note ii)	**11,531**	–
Mr. Shi (Note iii)	**688**	–
	25,053	51,220
Amount due to a substantial shareholder		
Ms. Xia Liping (Note iv)	**–**	3,000

31 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Related parties balances (Continued)

Notes:

(i) The amount due to Mr. Song is unsecured and repayment on demand, of which approximately RMB12,684,000 (2021: RMB51,220,000) bears interests at 4.75% per annum, while the remaining balances of approximately RMB150,000 (2021: Nil) are interest-free. Details settlement arrangement of amount due to him also referred to note (c).

(ii) The amount due to Mr. Chen is unsecured and repayment on demand, of which approximately RMB4,145,000 (2021: Nil) bears interests at 4.75% per annum, and HK$1,000,000 (equivalent to approximately RMB886,000) (2021: Nil) bears interests at 1.6% per annum, while the remaining balances of RMB6,500,000 (2021: Nil) are interest-free.

According to the letter from Mr. Chen to the Board of the Company dated 15 March 2023, in order to provide continuous financial support to the Company, the director will not demand repayment of the amount due to him of approximately RMB11,531,000 during the period from 1 January 2023 to 30 June 2024.

(iii) The amount due to Mr. Shi is unsecured, interest-free and repayment on demand.

(iv) The amount due to Ms. Xia Liping is unsecured, bears interests at 4.75% per annum and repayment on demand.

(c) Corporate guarantees given by a subsidiary in relation to Mr. Song's personal loans

Over the past few years, Mr. Song has been providing financial assistance to the Group. As at 31 December 2021 and 31 December 2022, the balance owed by the Group to Mr. Song was RMB51,220,000 and RMB12,834,000 respectively.

During the year ended 31 December 2022, Mr. Song provided corporate guarantees to two borrowers which are not connected to the Group in May 2022 without completing the necessary internal authorisations of the Group, including but not limited to without proper approval of the shareholders of Shenzhen Suoxinda Data Technology Co., Ltd. ("Suoxinda Shenzhen"), a major subsidiary of the Group. The Group was involved in providing corporate guarantees to two borrowers which are not connected to the Group in respect of Mr. Song's personal loans.

In August and September 2022, those two borrowers had initiated legal proceedings at the Shenzhen Qianhai Cooperation Zone People's Court in Guangdong Province (廣東省深圳前海合作區人民法院) and Shenzhen Nanshan District People's Court in Guangdong Province (廣東省深圳市南山區人民法院) respectively against Mr. Song and his spouse, and Suoxinda Shenzhen, in relation to the non-repayment of certain Mr. Song's personal loans principals and interests amounted to approximately RMB49,731,000 owed to those two borrowers. On the other hand, in October and November 2022, those two borrowers applied property preservations to the aforesaid courts on assets held by Mr. Song and his spouse and Suoxinda Shenzhen. Therefore, certain bank balances of Suoxinda Shenzhen amounted to approximately RMB42,886,000 had been frozen by the courts. The Group has defended the invalidity of Suoxinda Shenzhen's guarantees in the above proceedings.

31 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(c) Corporate guarantees given by a subsidiary in relation to Mr. Song's personal loans (Continued)

In December 2022, in consideration of the outstanding amount owed by the Group to Mr. Song and the offsetting arrangement as mentioned below, Suoxinda Shenzhen reached debts settlement agreement with those two borrowers and committed to settle the loans of RMB21,785,800, which would offset the equivalent amount of the Group's outstanding loan to Mr. Song. Upon reaching debts settlement agreement, those two borrowers withdraw the litigations against Mr. Song and his spouse and Suoxinda Shenzhen and release assets freezes on assets of Suoxinda Shenzhen accordingly. Therefore, management considered that there are no contingent liabilities incurred by the Group regarding the above event as at 31 December 2022.

Since there is a net amount owed by the Group to Mr. Song, the management agreed with Mr. Song that the Group would settle aforesaid amount of RMB21,785,800 on behalf of him and simultaneously set off the amounts due to him accordingly. Out of the amount of RMB21,785,800 to be settled to those two borrowers by the Group on behalf of Mr. Song, RMB11,084,500 had been settled before 31 December 2022 while the remaining RMB10,701,300 is to be settled in 4 quarterly instalments during 2023. The balance owed by the Group to Mr. Song would also be reduced accordingly as a result of such offsetting arrangement.

32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 19 May 2022, Suoxinda (Beijing) Data Technology Co., Ltd. ("Suoxinda (Beijing)"), an indirectly wholly owned subsidiary of the Company, issued convertible loans with a principal amount of RMB40,000,000.

The loans are convertible at the option of the noteholders into the conversion capital and/or the subscription of additional capital of Suoxinda (Beijing) subjected to the conversion conditions. The conversion price shall be determined with reference to asset appraisal of Suoxinda (Beijing) to be conducted by third party valuer at the time of conversion, and shall be no more than 70% of the subscription price paid by third party investors in cash for the registered capital of Suoxinda (Beijing) during the last round of financing conducted by Suoxinda (Beijing) before the conversion and further the pre-money valuation of Suoxinda (Beijing) shall not be more than RMB900 million. Any convertible loans not converted will be redeemed upon the issuance of repayment notice by the investor to Suoxinda (Beijing) at any time on or after 1 January 2023 and in no event later than 31 December 2023 at their principal amount. Interest of 8% will be paid annually up until that settlement date. The convertible loans are secured by certain shares of the Company held by Mr. Song and personal guarantee from Mr. Song.

For details, please refer to the Company's announcements on 19 April 2022.

32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Group designated the convertible loans as financial liabilities at fair value through profit or loss.

The movement of financial liabilities at FVTPL during the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022 RMB'000
Principal amount of convertible loans issued	**40,000**
Fair value change (Note 7)	**1,981**
At 31 December	**41,981**

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive officer's emoluments

The remuneration of each director and the chief executive officer paid/payable by the Group for each of the years ended 31 December 2021 and 2022 are as follows:

Year ended 31 December 2021

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking							
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution of a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking RMB'000	Total RMB'000
Executive directors								
Mr. Song Hongtao (Note i)	468	288	–	72	105	–	–	933
Mr. Wu Xiaohua	368	208	–	54	89	–	–	719
Mr. Wu Fu-Shea (Note ii)	603	904	–	–	15	–	–	1,522
Mr. Lam Chun Hung, Stanley (Note iii)	149	–	–	–	7	–	–	156
Ms. Wang Jing (Note iv)	368	393	129	109	104	–	–	1,103
Independent Non-Executive Directors								
Mr. Tu Xinchun (Note v)	100	–	–	–	–	–	–	100
Ms. Zhang Yahan (Note vi)	100	–	–	–	–	–	–	100
Dr. Qiao Zhonghua (Note vii)	100	–	–	–	–	–	–	100
	2,256	1,793	129	235	320	–	–	4,733

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Year ended 31 December 2022

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution of a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Equity-settledshare-based payment	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking RMB'000	Total RMB'000
Executive directors									
Mr. Shi Ban Chao (Note viii)	16	662	–	187	82	–	132	–	1,079
Mr. Wu Xiaohua	112	240	–	63	54	–	–	–	469
Mr. Song Hongtao (Note i)	148	68	–	6	54	–	–	–	276
Mr. Lam Chun Hung, Stanley (Note iii)	26	–	–	–	1	–	–	–	27
Ms. Wang Jing (Note iv)	64	467	–	68	95	–	–	–	694
Non-executive directors									
Mr. Wu Fu-Shea (Note ii)	731	563	–	4	14	–	–	–	1,312
Mr. Chen Zhenping (Note ix)	86	–	–	–	4	–	–	–	90
Ms. Zhao Yue (Note x)	16	–	–	–	–	–	–	–	16
Dr. Mo Keqi (Note xi)	32	–	–	–	–	–	–	–	32
Mr. Jiang Senlin (Note xii)	25	–	–	–	–	–	–	–	25
Independent Non-Executive Directors									
Dr. Chen Wei (Note xiii)	79	–	–	–	–	–	–	–	79
Mr. Yang Haifeng (Note xiv)	36	–	–	–	–	–	–	–	36
Ms. Dan Xi (note xv)	–	–	–	–	–	–	–	–	–
Mr. Tu Xinchun (Note v)	103	–	–	–	–	–	–	–	103
Ms. Zhang Yahan (Note vi)	24	–	–	–	–	–	–	–	24
Dr. Qiao Zhonghua (Note vii)	17	–	–	–	–	–	–	–	17
Ms. Fan Wenxian (Note xvi)	32	–	–	–	–	–	–	–	32
	1,547	2,000	–	328	304	–	132	–	4,311

Notes:

(i) Mr. Song Hongtao acted as Chairman of the Board and was re-designated from a non-executive director to an executive director and act as Chairman of the Board with effect from 15 July 2022. Mr. Song was resigned as the Chairman on 4 November 2022 and was also resigned as an executive director with effect from 6 January 2023.

(ii) Mr. Wu Fu-Shea was appointed as an executive director with effect from 10 September 2021 and was also re-designated from an executive director to a non-executive director, resigned as the Chief Executive Officer and was appointed as the Chairman of the Board with effect from 4 November 2022.

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Notes: (Continued)

(iii) Mr. Lam Chun Hung, Stanley was resigned as an executive director with effect from 1 March 2022.

(iv) Ms. Wang Jing was resigned as an executive director with effect from 1 March 2022.

(v) Mr. Tu Xinchun was resigned as an independent non-executive director with effect from 6 January 2023.

(vi) Ms. Zhang Yahan was resigned as an independent non-executive director with effect from 28 March 2022.

(vii) Dr. Qiao Zhonghua was resigned as an independent non-executive director with effect from 1 March 2022.

(viii) Mr. Shi Banchao was appointed as an executive director and as the Chief Executive officer with effect from 4 November 2022.

(ix) Mr. Chen Zhenping was appointed as an executive director on 1 March 2022 and re-designated from an executive director to a non-executive director with effect from 4 November 2022.

(x) Ms. Zhao Yue was appointed as a non-executive director with effect from 4 November 2022.

(xi) Dr. Mo Keqi ("Dr. Mo") was appointed as an executive director with effect from 1 March 2022. Dr. Mo was re-designated from an executive director to a non-executive director on 28 March 2022 and was also retired on 23 June 2022.

(xii) Mr. Jiang Senlin was appointed as a non-executive director on 28 March 2022 and retired on 23 June 2022.

(xiii) Dr. Chen Wei was appointed as an independent non-executive director with effect from 28 March 2022.

(xiv) Mr. Yang Haifeng was appointed as an independent non-executive director with effect from 26 August 2022.

(xv) Ms. Dan Xi was appointed as an independent non-executive director with effect from 6 January 2023.

(xvi) Ms. Fan Wenxian was appointed as an independent non-executive director on 1 March 2022 and retired 23 June 2022.

There was no arrangement under which a director waived or agreed to waive any emolument during the year ended 31 December 2022 (2021: Nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2021: Nil).

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(c) Directors' termination benefits (Continued)

None of the directors received or will receive any termination benefits during the year (2021: Nil).

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

During the year ended 31 December 2022, the Company did not pay consideration to any third parties for making available directors' services (2021: Nil).

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

There are no loans, quasi-loans and other dealing in favour of directors, controlling bodies corporate by and connected entities with such directors during the year ended 31 December 2022 (2021: Nil).

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2022 (2021: Nil).

34 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company has direct and indirect equity interests in the following subsidiaries:

Company name	Place of incorporation and kind of legal entity	Issued and fully paid share capital/ registered capital	Effective equity interest held 2022	Effective equity interest held 2021	Principal activities
Directly held subsidiaries					
Prophet Technology Ltd. (先知科技有限公司)	British Virgin Islands, limited liability company	50,000 ordinary shares of US$1 each USD50,000	**100%**	100%	Investment holding
Indirectly held subsidiaries					
Blue Whale AI Technology Co., Ltd. (藍鯨智能科技有限公司)	Hong Kong, limited liability company	16,500 ordinary shares of HKD1 each HKD16,500	**100%**	100%	Investment holding
Hongkong Hongsheng Investment Co., Ltd. (香港泓盛投資有限公司)	Hong Kong, limited liability company	10,000 ordinary shares of HKD1 each HKD10,000	**100%**	100%	Investment holding
Suoxinda Shenzhen (深圳索信達數據技術有限公司)	Mainland China, limited liability company	118,000,000 ordinary shares of RMB1 each RMB118,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Suoxinda Beijing (索信達(北京)數據技術有限公司)	Mainland China, limited liability company	50,000,000 ordinary shares of RMB1 each RMB50,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Sourcing Industrial Development (HK) Co. Ltd. (索信實業發展(香港)有限公司)	Hong Kong, limited liability company	10,000 ordinary shares HKD10,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Datamargin (Hong Kong) Co., Ltd. (捷客數據(香港)有限公司)	Hong Kong, limited liability company	100,000 ordinary shares HKD100,000	**100%**	100%	Investment holding and provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Zhejiang Suoxinda Data Technology Co., Ltd. (浙江索信達數據技術有限公司)	Mainland China, limited liability company	15,000,000 ordinary shares of USD1 each USD15,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Suoxinda (Suzhou) Data Technology Co., Ltd. (索信達(蘇州)數據技術有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of USD1 each USD10,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services

34 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place of incorporation and kind of legal entity	Issued and fully paid share capital/ registered capital	Effective equity interest held		Principal activities
			2022	2021	
Hangzhou Tanyan Technology Co., Ltd. (杭州探研科技有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**N/A (Note iii)**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
杭州數軔科技有限公司	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**N/A (Note iv)**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service
Shenzhen YinXing (深圳銀興智能數據有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**50.6% (Note (ii))**	50.6%	Provision of data solutions, sales of hardware and software and related services as an integrated service
索信達(深圳)軟件技術有限公司	Mainland China, limited liability company	8,500,000 ordinary shares of RMB1 each RMB8,500,000 (2021: 5,000,000 ordinary shares of RMB1 each RMB5,000,000)	**N/A (Note 30)**	51%	Provision of data solutions, sales of hardware and software and related services as an integrated service

Notes:

(i) All of the above subsidiaries are limited liability companies. None of the subsidiaries had issued any debt securities during the year or at the end of the year.

(ii) During the year ended 31 December 2021, Shenzhen Yinxing issued new shares to its non-controlling interests and results in the reduction of the Group's equity interest held in Shenzhen Yinxing from 56% to 50.6%. The capital contribution to Shenzhen Yinxing by non-controlling interests of RMB9,067,000. The difference of RMB4,154,000 between the changes in the non-controlling interests and the capital contribution received from non-controlling interests has been credited to capital reserve.

(iii) Hangzhou Tanyan Technology Co., Ltd. was deregistered on 29 September 2022.

(iv) 杭州數軔科技有限公司 was deregistered on 23 September 2022.

35 NON-CONTROLLING INTERESTS

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

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Shenzhen YinXing	**4,278**	251	**20,754**	16,476
Individually immaterial subsidiaries with non-controlling interests	**(108)**	–	**–**	–
	4,170	251	**20,754**	16,476

Summarised financial information in respect of the Group's subsidiary, i.e. Shenzhen Yinxing, that has material non-controlling interests is set out below.

Shenzhen YinXing is a subsidiary with 49.4% (2021: 49.4%) non-controlling interests that are material to the Group.

Summarised statement of financial position

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Current assets	**77,936**	49,951
Current liabilities	**(64,940)**	(41,218)
Net current assets	**12,996**	8,733
Non-current assets	**14,021**	11,652
Non-current liabilities	**(1,505)**	(3,533)
Net non-current assets	**12,516**	8,119
Net assets	**25,512**	16,852

35 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	**93,456**	87,717
Profit for the year	**8,660**	600
Profit attributable to non-controlling interests	**4,278**	251

Summarised cash flows

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Net cash generated from operating activities	**6,709**	15,143
Net cash used in investing activities	**(6,392)**	(1,307)
Net cash generated from/(used in) financing activities	**5,221**	(14,956)
Net increase/(decrease) in cash and cash equivalents	**5,538**	(1,120)

36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**43,817**	150,614
		43,817	150,614
Current assets			
Amount due from subsidiaries		**56,931**	12,052
Other receivables		**29**	–
Prepayments		**134**	–
Cash and cash equivalents		**50**	3,379
		57,144	15,431
Total assets		**100,961**	166,045
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	**4,153**	3,597
Other reserves	(a)	**275,134**	201,021
Accumulated losses	(a)	**(196,528)**	(59,900)
Total equity		**82,759**	144,718
LIABILITIES			
Current liabilities			
Accruals and other payables		**3,326**	4,476
Amounts due to subsidiaries		**13,990**	16,851
Amount due to a director		**886**	–
Total liabilities		**18,202**	21,327
Total equity and liabilities		**100,961**	166,045

36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note (a): Movement in the Company's other reserves and accumulated losses

	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Share-based payment reserve RMB'000 (Note 23(ii))	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021	130,040	69,451	–	(3,587)	(35,996)	159,908
Comprehensive loss						
Loss for the year	–	–	–	–	(23,904)	(23,904)
Other comprehensive loss						
Currency translation differences	–	–	–	(655)	–	(655)
Total comprehensive loss for the year	–	–	–	(655)	(23,904)	(24,559)
Transactions with owners in their capacity as owners						
Share-based payments (Note 23(ii))	–	–	5,772	–	–	5,772
At 31 December 2021	130,040	69,451	5,772	(4,242)	(59,900)	141,121

	Share premium RMB'000	**Capital reserve RMB'000 (Note i)**	**Share-based payment reserve RMB'000 (Note 23(ii))**	**Other reserve RMB'000**	**Exchange reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**
At 1 January 2022	**130,040**	**69,451**	**5,772**	**–**	**(4,242)**	**(59,900)**	**141,121**
Comprehensive loss							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(136,628)**	**(136,628)**
Other comprehensive income							
Currency translation differences	**–**	**–**	**–**	**–**	**2,436**	**–**	**2,436**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**2,436**	**(136,628)**	**(134,192)**
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	**51,197**	**–**	**–**	**–**	**–**	**–**	**51,197**
Issuance of awarded shares (Note 22(i))	**–**	**–**	**–**	**(56)**	**–**	**–**	**(56)**
Share-based payments (Note 23(ii))	**–**	**–**	**20,536**	**–**	**–**	**–**	**20,536**
At 31 December 2022	**181,237**	**69,451**	**26,308**	**(56)**	**(1,806)**	**(196,528)**	**78,606**

Note:

(i) Capital reserve represents the notional capital contribution from the Company's shareholders arising from the aggregate of the nominal value of the share capital of the subsidiary acquired by the Company pursuant to reorganisation.

37 SHARE-BASED PAYMENTS

(a) Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, directors, consultants, customers and suppliers of the Company and the Company's subsidiaries. The Scheme became effective on 8 June 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$0.01 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

On 28 December 2021, 274,100 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

On 8 April 2022, 1,582,733 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

Details of the specific categories of share options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$
2021A	28 December 2021	29 December 2021 – 31 March 2022	1 April 2022 – 7 June 2030	6.33
2021B	28 December 2021	29 December 2021 – 31 March 2023	1 April 2023 – 7 June 2030	6.33
2021C	28 December 2021	29 December 2021 – 31 March 2024	1 April 2024 – 7 June 2030	6.33
2021D	28 December 2021	29 December 2021 – 31 March 2025	1 April 2025 – 7 June 2030	6.33
2021E	28 December 2021	29 December 2021 – 31 March 2026	1 April 2026 – 7 June 2030	6.33
2022A	8 April 2022	9 April 2022 – 31 March 2023	1 April 2023 – 7 June 2030	5.38
2022B	8 April 2022	9 April 2022 – 31 March 2024	1 April 2024 – 7 June 2030	5.38
2022C	8 April 2022	9 April 2022 – 31 March 2025	1 April 2025 – 7 June 2030	5.38
2022D	8 April 2022	9 April 2022 – 31 March 2026	1 April 2026 – 7 June 2030	5.38

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

The following table discloses movements of the Scheme during the year:

For the year ended 31 December 2021

	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2021A	–	17,500	–	–	–	17,500	–
2021B	–	68,525	–	–	–	68,525	–
2021C	–	68,525	–	–	–	68,525	–
2021D	–	68,525	–	–	–	68,525	–
2021E	–	51,025	–	–	–	51,025	–
	–	274,100	–	–	–	274,100	–

For the year ended 31 December 2022

	Outstanding at the beginning of the year	**Granted during the year**	**Forfeited during the year**	**Exercised during the year**	**Expired during the year**	**Outstanding at the end of the year**	**Exercisable at the end of the year**
2021A	17,500	–	–	–	–	17,500	17,500
2021B	68,525	–	–	–	–	68,525	–
2021C	68,525	–	–	–	–	68,525	–
2021D	68,525	–	–	–	–	68,525	–
2021E	51,025	–	–	–	–	51,025	–
2022A	–	395,683	–	–	–	395,683	–
2022B	–	395,683	–	–	–	395,683	–
2022C	–	395,683	–	–	–	395,683	–
2022D	–	395,684	–	–	–	395,684	–
	274,100	1,582,733	–	–	–	1,856,833	17,500

If the options remain unexercised after the vesting dates until 7 June 2030, the options expire. Options are forfeited if the employee leaves the Group.

No options were exercised during the year ended 31 December 2022.

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.43 years (2021: 8.43years) and the exercise prices range from HK$5.38 to HK$6.33 (2021: HK$6.33). In 2022, options were granted on 8 April 2022. The estimated fair values of the options on 8 April 2022 are RMB3,842,000. In 2021, options were granted on 28 December 2021. The estimated fair values of the options on 28 December 2021 are RMB898,000.

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

These fair values were calculated using the Binomial model. The inputs into the model are as follows:

	Granted on 8 April 2022	Granted on 28 December 2021
Weighted average share price	HK$5.38	HK$6.33
Weighted average exercise price	HK$5.38	HK$6.33
Expected volatility	56.15%	40.7%– 52.2%
Expected life	7.43 years	8.43 years
Risk free rate	2.56%	0.125%– 1.022%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price since the date of listing. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(b) Share award scheme

Pursuant to a share award scheme adopted by the Company on 8 June 2020, the Company may grant such shares to certain employees of the Group and shall be satisfied by the allotment and issue of new shares of the Company. During the year ended 31 December 2022, the Company granted 778,579 shares (2021: 5,972,322 shares) at nil consideration to the Group's employees, of which no shares (2021: 260,000 shares) were granted to the Company's director. The fair value of the employee services received in exchange for the grant of shares is recognised as employees benefits expenses in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company.

Five Years Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

RESULTS

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**377,126**	397,372	330,290	257,915	185,549
Gross profit	**89,339**	129,196	117,592	91,594	63,077
(Loss)/profit before income tax	**(129,509)**	(79,488)	(11,906)	10,515	27,172
Income tax credit/(expenses)	**5,487**	3,501	(806)	(6,391)	(4,529)
(Loss)/profit for the year	**(124,022)**	(75,987)	(12,712)	4,124	22,643
(Loss)/profit for the year attributable to:					
Owners of the Company	**(128,192)**	(76,238)	(13,108)	4,124	23,156
Non-controlling interests	**4,170**	251	396	–	(513)

ASSETS AND LIABILITIES

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**174,463**	196,925	175,599	83,915	63,958
Current assets	**236,420**	276,767	306,142	289,761	118,460
Non-current liabilities	**7,706**	20,334	35,797	10,043	4,317
Current liabilities	**299,664**	299,188	230,297	154,073	102,237
Net current (liabilities)/assets	**(63,244)**	(22,421)	75,845	135,688	16,223
Total assets less current liabilities	**111,219**	174,504	251,444	219,603	80,181