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

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PLUS GROUP HOLDINGS INC., JEFFERIES HONG KONG LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Plus Group Holdings Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-66, which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, the statements of financial position of the Company as at 31 December 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-66 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountant's responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021 and 2022 and the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by Plus Group Holdings Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

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

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The financial statements of the Group for the years ended 31 December 2020, 2021 and 2022, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	413,571	416,289	618,110
Cost of services	7	(249,605)	(246,040)	(444,543)
Gross profit		163,966	170,249	173,567
Administrative expenses	7	(64,312)	(75,886)	(77,874)
Selling and marketing expenses	7	(18,704)	(20,769)	(19,308)
Research and development expenses	7	(11,743)	(12,161)	(25,019)
Other income	6	8,393	24,688	27,894
Other gains — net	6	240	464	1,002
Reversal of impairment losses/ (impairment losses) on financial assets	3.1(b)(iv)	257	(463)	(553)
Operating profit		78,097	86,122	79,709
Finance income	10	61	136	162
Finance costs	10	(4,554)	(4,916)	(3,073)
Finance costs — net		(4,493)	(4,780)	(2,911)
Share of (losses)/profit of associates — net	17	(169)	111	(200)
Profit before income tax		73,435	81,453	76,598
Income tax expenses	11	(19,538)	(22,443)	(23,896)
Profit for the year		53,897	59,010	52,702
Attributable to:				
Owners of the Company		53,874	58,664	52,702
Non-controlling interests		23	346	—
		53,897	59,010	52,702
Total comprehensive income for the year attributable to:				
Owners of the Company		53,874	58,664	52,702
Non-controlling interests		23	346	—
		53,897	59,010	52,702
Earnings per share attributable to the owners of the Company				
Basic and diluted (expressed in RMB per share)	12	0.54	0.59	0.53

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Plant and equipment	14	865	1,064	984
Right-of-use assets	16	8,159	5,612	2,509
Intangible assets	15	2,689	991	—
Investments in associates	17	4,564	4,675	4,475
Deferred income tax assets	18	2,727	2,096	676
		19,004	14,438	8,644
Current assets				
Contract assets	21	215,734	183,256	190,624
Trade receivables	20	323,352	393,041	344,902
Contract costs	5	2,392	712	480
Deposits, other receivables and prepayments	20	15,587	14,946	19,772
Financial assets at fair value through profit or loss	22	9,180	4,000	—
Cash and cash equivalents	23	9,110	20,317	62,704
		575,355	616,272	618,482
Total assets		594,359	630,710	627,126
EQUITY				
Share capital	24	—	130	130
Other reserves	24	178,249	181,600	151,994
Retained earnings		87,665	143,301	194,370
Equity attributable to owners of the Company		265,914	325,031	346,494
Non-controlling interests		1,523	—	—
Total equity		267,437	325,031	346,494

		As at 31 December		
	Notes	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liability				
Lease liabilities	16	3,570	2,133	55
Current liabilities				
Lease liabilities	16	5,056	3,778	2,319
Borrowings	26	31,000	54,800	61,273
Trade and other payables	25	261,279	234,196	203,032
Contract liabilities	21	3,624	3,297	6,858
Income tax payables		22,376	7,475	5,648
Amounts due to related parties	28	17	—	1,447
		323,352	303,546	280,577
Total liabilities		326,922	305,679	280,632
Total equity and liabilities		594,359	630,710	627,126

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2021 *RMB'000*	As at 31 December 2022 *RMB'000*
ASSETS			
Non-current asset			
Investment in a subsidiary	(a)	—	298,782
Current asset			
Other receivables and prepayments	20	1,789	5,407
Total assets		1,789	304,189
EQUITY			
Share capital	24	130	130
Other reserves	24	—	298,782
Accumulated losses	24	(5,121)	(22,306)
Total equity		(4,991)	276,606
LIABILITIES			
Current liabilities			
Amount due to a subsidiary	(b)	4,348	23,668
Other payables	25	2,432	3,915
Total liabilities		6,780	27,583
Total equity and liabilities		1,789	304,189

(a) Investment in a subsidiary represents the investment in Channel Power Plus Inc. and its subsidiaries at the aggregate net asset values of the [REDACTED] Business at date of completion of the Reorganisation (Note 1.2(h)).

(b) As at 31 December 2021 and 2022, amount due to a subsidiary is unsecured, interest-free and repayable on demand.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Notes	**Share capital** *(Note 24(a))*	**Other reserves** *(Note 24(b))*	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2020		—	159,278	217,762	377,040	—	377,040
Capital injection to a new subsidiary		—	—	—	—	1,500	1,500
Profit and total comprehensive income for the year		—	—	53,874	53,874	23	53,897
Dividend distribution	13	—	—	(165,000)	(165,000)	—	(165,000)
Transfer to statutory reserves	24(b)	—	18,971	(18,971)	—	—	—
Balance as at 31 December 2020		—	178,249	87,665	265,914	1,523	267,437
Balance as at 1 January 2021		—	178,249	87,665	265,914	1,523	267,437
Profit and total comprehensive income for the year		—	—	58,664	58,664	346	59,010
Shareholding acquisition from non-controlling interests for a subsidiary	(a)	—	323	—	323	(1,869)	(1,546)
Incorporation of the Company and issue of shares	1.2(a)	130	—	—	130	—	130
Transfer to statutory reserves	24(b)	—	3,028	(3,028)	—	—	—
Balance as at 31 December 2021		130	181,600	143,301	325,031	—	325,031
Balance as at 1 January 2022		130	181,600	143,301	325,031	—	325,031
Capital injection from a new shareholder	1.2(e)	—	3,510	—	3,510	—	3,510
Profit and total comprehensive income for the year		—	—	52,702	52,702	—	52,702
Transfer to statutory reserves	24(b)	—	1,633	(1,633)	—	—	—
Deemed distribution	1.2(g)	—*	(34,749)	—	(34,749)	—	(34,749)
Balance as at 31 December 2022		130	151,994	194,370	346,494	—	346,494

* *Less than RMB1,000.*

(a) During the year ended 31 December 2021, the Group entered into an equity transfer agreement with a non-controlling shareholder of Shanghai Chengzhi Information Technology Co., Ltd. ("**Shanghai Chengzhi**"), one of the subsidiaries of the Company, pursuant to which the non-controlling shareholder agreed to transfer 30% equity interests of Shanghai Chengzhi to the Group at a consideration of RMB1,546,000. Upon the equity transfer, Shanghai Chengzhi became a wholly-owned subsidiary of the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*
Cash flows from operating activities				
Net cash generated from operations	27(a)	59,316	56,823	95,906
Income tax paid		(13,513)	(36,713)	(24,303)
Net cash generated from operating activities		45,803	20,110	71,603
Cash flows from investing activities				
Interest received		6,747	136	162
Purchase of plant and equipment	14	(188)	(620)	(392)
Purchase of intangible assets		(879)	(396)	—
Proceeds from disposal of plant and equipment		—	9	4
Subscription of financial assets at fair value through profit or loss	22	(434,500)	(576,140)	(683,800)
Redemption of financial assets at fair value through profit or loss	22	425,636	581,805	688,553
Advance to related parties of the Company		(28,725)	—	—
Repayment from related parties of the Company		115,885	—	—
Net cash generated from investing activities		83,976	4,794	4,527

	Notes	Year ended 31 December 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Interest paid		(1,160)	(2,401)	(2,093)
Capital injection from a non-controlling interest to a new subsidiary		1,500	—	—
Payment of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Repayment of lease liabilities (including interest expense)		(5,537)	(5,842)	(4,991)
Proceeds from bank borrowings		54,000	74,600	61,273
Repayment of bank borrowings		(49,866)	(50,800)	(54,800)
Dividend paid	13	(138,826)	(26,174)	—
Advance from a shareholder of the Company	28(c)	—	—	1,447
Shareholding acquisition from non-controlling interests for a subsidiary		—	(1,546)	—
Deemed distribution to shareholders	1.2(g)	—	—	(34,749)
Capital injection from shareholder	1.2(a), 1.2(e)	—	130	3,510
Net cash used in financing activities		(139,889)	(13,697)	(33,743)
Net (decrease)/increase in cash and cash equivalents		(10,110)	11,207	42,387
Cash and cash equivalents at beginning of the year		19,220	9,110	20,317
Cash and cash equivalents at end of the year	23	9,110	20,317	62,704

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 30 September 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961 as amended or supplemented or otherwise modified from time to time) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription in the People's Republic of China (the "**PRC**") (the "**[REDACTED] Business**"). The ultimate holding company of the Company is Junshu Holdings Limited. The ultimate controlling party of the Company is Mr. Sun Guangjun ("**Mr. Sun**").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "**Reorganisation**"), the [REDACTED] Business was mainly carried out by Plus (Shanghai) Digital Technologies Co., Ltd. ("**Plus Shanghai**"), a limited liability company established in the PRC, and its subsidiaries (the "**PRC Operating Companies**"). Before the completion of the Reorganisation, the PRC Operating Companies were held and controlled by Mr. Sun.

In preparation for the [REDACTED] and [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**[REDACTED]**"), the Group underwent the Reorganisation to incorporate the Company as the holding company of the companies which now comprise the Group to conduct the [REDACTED] Business. The Reorganisation involved the following steps:

(a) Incorporation of the Company and offshore shareholding restructuring

On 30 September 2021, the Company was incorporated in the Cayman Islands with limited liability, with an authorised share capital of USD50,000 divided into 50,000 shares of a nominal or par value of USD1.0 each. Upon the incorporation, one ordinary share of par value of USD1.0 was allotted and issued to an initial subscriber at par value, and was subsequently transferred to Guangjun Sun Holdings Limited ("**Guangjun Sun Holdings**"). On even date, the Company allotted and issued a total of 19,999 ordinary shares of par value of USD1.0 each to Guangjun Sun Holdings, Guangjun Holdings Limited ("**Guangjun Holdings**"), Robert Sun Holdings Limited ("**Robert Sun Holdings**"), Hannah Xia Holdings Limited ("**Hannah Xia Holdings**"), Sky Xia Holdings Limited ("**Sky Xia Holdings**"), Kuwei Holdings Limited ("**Kuwei Holdings**"), Kuzhong Holdings Limited ("**Kuzhong Holdings**") and Puzhong Holdings Limited ("**Puzhong Holdings**") at par value.

(b) Incorporation of an offshore subsidiary in the BVI

On 12 October 2021, Channel Power Plus Inc. ("**Channel Power**") was incorporated as a limited liability company in the BVI. On even date, one share was allotted and issued to the Company and Channel Power became a directly wholly-owned subsidiary of the Company.

(c) Incorporation of an offshore subsidiary in Hong Kong

On 5 November 2021, Plus (HK) Digital Technologies Limited ("**Plus (HK)**") was incorporated in Hong Kong. Upon the incorporation, 10,000 shares were allotted and issued to Channel Power and Plus (HK) became an indirectly wholly-owned subsidiary of the Company.

(d) Establishment of the wholly foreign owned enterprise

On 30 November 2021, Shanghai Channel Plus Technologies Co., Ltd. ("**WFOE**") was established under the laws of the PRC as a wholly foreign owned enterprise with a registered capital of USD10,000,000 and it is wholly owned by Plus (HK).

(e) Capital increase of Plus Shanghai in December 2021 and conversion into a foreign-invested enterprise of Plus Shanghai

In December 2021, the registered capital of Plus Shanghai was increased from RMB61,555,000 to RMB62,177,000. Pursuant to the capital increase agreement dated 8 December 2021, New Mercury Investments Limited ("**New Mercury Investments**") agreed to subscribe for the increased registered capital of RMB622,000 at a consideration of RMB3,510,000. New Mercury Investments was indirectly wholly-owned by Mr. Pun Kai Cheung ("**Mr. Pun**"), before the share swap as stated below. After such capital increase, Plus Shanghai became a foreign-invested enterprise. Such capital injection was fully paid by Mr. Pun in February 2022.

(f) Capital increase by WFOE into Plus Shanghai

In January 2022, the registered share capital of Plus Shanghai was further increased from RMB62,177,000 to RMB621,768,000, which was fully contributed by WFOE at a consideration of RMB559,592,000. Upon completion of such capital increase, Plus Shanghai was held as to 6.4%, 1.1%, 1.0%, 0.7%, 0.5%, 0.1%, 0.1%, 0.1% and 90.0% by Mr. Sun, Ningbo Kuwei Investment Management Partnership (Limited Partnership) ("**Ningbo Kuwei**"), Mr. Xia Jingtang ("**Mr. Xia**"), Ningbo Mingda Shengrui Equity investment Partnership (Limited Partnership) ("**Mingda Shengrui**"), Shanghai Puwei Business Management Partnership (Limited Partnership) ("**Shanghai Puwei**"), Ningbo Kuzhong Investment Management Partnership (Limited Partnership) ("**Ningbo Kuzhong**"), Ningbo Hanzhong Investment Management Partnership (Limited Partnership) ("**Ningbo Hanzhong**"), New Mercury Investments and WFOE, respectively.

(g) Acquisition of minority interests of Plus Shanghai

Pursuant to the equity transfer agreement dated 9 February 2022, Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong and Ningbo Hanzhong agreed to transfer aggregate 9.9% equity interests in Plus Shanghai to WFOE at total considerations of RMB34,749,000. After the completion of the equity transfer, Plus Shanghai was held as to 99.9% by WFOE.

(h) Subdivision and share swap

On 25 February 2022, each share of par value of USD1.0 of the Company was subdivided into 100 shares of par value of USD0.01 and thus the authorised share capital of the Company USD50,000 was divided into 5,000,000 shares of a nominal or par value of USD0.01 each.

On 1 March 2022, a share swap agreement was entered into between the Company, Channel Power, Brand Wisdom Limited ("**Brand Wisdom**") and No.1 Mercury Holdings Limited ("**No.1 Mercury Holdings**"), the holding company of New Mercury Investments and was ultimate controlled by Mr. Pun, pursuant to which Brand Wisdom agreed to sell and Channel Power agreed to purchase 100% interest of No.1 Mercury Holdings with the par value of USD1.0 at a consideration of the Company allotting and issuing 4,008 shares with the par value of USD0.01 each to Brand Wisdom. Upon completion of the share swap, the Company was owned as to approximately 52.3%, 15.0%, 8.6%, 7.2%, 5.5%, 5.2%, 5.0%, 1.0% and 0.2% by Guangjun Holdings, Guangjun Sun Holdings, Kuwei Holdings, Hannah Xia Holdings, Puzhong Holdings, Kuzhong Holdings, Sky Xia Holdings, Robert Sun Holdings and Brand Wisdom, respectively.

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

Name	Place and date of incorporation/ establishment	Principal activities and place of operations	Registered /issued capital	Equity interest held (%)				*Notes*
				As at 31 December			As at the date of this report	
				2020	2021	2022		
Direct Interests								
Channel Power Plus Inc.	BVI, 12 October 2021	Investment holding in BVI	USD1	Not applicable	100%	100%	100%	(i)
Indirect Interests								
Plus (HK) Digital Technologies Limited 普樂師(香港)數字科技有限公司	The PRC (Hong Kong), 05 November 2021	Investment holding in Hong Kong	HKD10,000	Not applicable	100%	100%	100%	(i)
No.1 Mercury Holdings Limited	BVI, 01 December 2021	Investment holding in BVI	USD1	Not applicable	—	100%	100%	(i)
New Mercury Investments Limited 新水星投資有限公司	The PRC (Hong Kong), 08 November 2021	Investment holding in Hong Kong	HKD100	Not applicable	—	100%	100%	(i)
Shanghai Channel Plus Technologies Co., Ltd. 上海加諾普科技有限公司*#	The PRC, 30 November 2021	Investment holding in Shanghai	USD10,000,000	Not applicable	100%	100%	100%	(i)
Plus (Shanghai) Digital Technologies Co., Ltd. 普樂師(上海)數字科技有限公司*	The PRC, 06 August 2004	Providing digitalised commerce integrated solution services in mainland China	RMB621,768,000	100%	100%	100%	100%	(ii)
Shanghai Winning Idea Marketing Solution Co., Ltd. 上海贏迪市場營銷服務有限公司*	The PRC, 25 June 2004	Providing digitalised commerce integrated solution services in mainland China	RMB20,000,000	100%	100%	100%	100%	(ii)
Shanghai Winning Idea Marketing Services Co., Ltd. 上海贏迪營銷服務有限公司*	The PRC, 05 April 2017	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	100%	100%	100%	100%	(ii)
Shanghai Harvest Marketing Solution Services Co., Ltd. 上海翰為市場營銷策劃有限公司*	The PRC, 10 June 2009	Providing digitalised commerce integrated solution services in mainland China	RMB8,000,000	100%	100%	100%	100%	(ii)
Shanghai Mecool Marketing Services Co., Ltd. 上海明酷營銷服務有限公司*	The PRC, 18 July 2012	Providing digitalised commerce integrated solution services in mainland China	RMB12,000,000	100%	100%	100%	100%	(ii)
Shanghai Retail Winner Digital Technologies Co., Ltd. 上海若勝米咖信息技術有限公司*	The PRC, 01 April 2017	System developments in mainland China	RMB2,000,000	100%	100%	100%	100%	(ii)
Shanghai Mecool Business Consulting Co., Ltd. 上海明酷商務諮詢有限公司*	The PRC, 29 June 2015	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	100%	100%	100%	100%	(i)
Shanghai Chengzhi Information Technology Co., Ltd. 上海呈智信息科技有限公司*	The PRC, 06 August 2020	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	70%	100%	100%	100%	(i)
Beijing Plus Technology Co., Ltd 北京普樂師科技有限公司*	The PRC, 18 August 2021	Investment holding in the PRC	RMB1,000,000	Not applicable	100%	100%	100%	(i)
Beijing Ruosheng Technology Co., Ltd 北京若勝科技有限公司*	The PRC, 16 August 2021	Investment holding in the PRC	RMB1,000,000	Not applicable	100%	100%	100%	(i)

* The English name of certain subsidiaries referred to above represented the best efforts by management in translating their Chinese names as they do not have official English names.

Registered as wholly foreign owned enterprises under PRC law.

(i) No audited financial statements were issued for these companies for the years ended 31 December 2020, 2021 and 2022 (or where applicable, from their respective date of incorporation to the end of the financial year) as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(ii) The audited financial statements of these companies for the year ended 31 December 2020 were prepared in accordance with Chinese accounting standards and audited by Zhong Shen Zhong Huan Certified Public Accountants. No audited financial statements were issued for these companies for the years ended 31 December 2021 and 2022 as they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the [REDACTED] Business is mainly conducted through the PRC Operating Companies. Pursuant to the Reorganisation, the PRC Operating Companies are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the [REDACTED] Business with no change in management of such business and the ultimate owners of the [REDACTED] Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the [REDACTED] Business under the Company and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the PRC Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the [REDACTED] Business for all periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out as below. These policies have been consistently applied throughout the years ended 31 December 2020, 2021 and 2022, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("**FVPL**") and financial assets at fair value through other comprehensive income ("**FVOCI**"), which are carried at fair value.

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

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations are adopted and consistently applied to the Group throughout the years ended 31 December 2020, 2021 and 2022.

2.2 New and amended standards, improvement, interpretation and accounting guideline which are not yet effective and have not been early adopted by the Group

The following new and amended standards, improvement, interpretation and accounting guideline have been issued but are not effective for the years ended 31 December 2020, 2021 and 2022 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards, improvement, interpretation and accounting guideline. According to the preliminary assessment made by management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

(i) Consolidation

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

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, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

(ii) Investments in subsidiaries

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

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

(iii) Changes in ownership interests

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

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

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

(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 15% 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 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.

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 2.8.

2.4 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman of the Group that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information 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 Historical Financial Information is presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this 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 exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.6 Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Leasehold improvement	Shorter of lease term or 3 years
Office equipment	3 years
Motor vehicles	5 years

The assets' residual values and 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 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains — net" in the consolidated statement of comprehensive income.

2.7 Intangible assets

(a) Computer software

Costs associated with maintaining software programmes 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 where the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. As at 31 December 2020, 2021 and 2022, intangible assets were mainly consisted of software purchased from third parties. There were no development costs meeting above criteria and capitalised as intangible assets for the years ended 31 December 2020, 2021 and 2022.

(b) Research and development

Research expenditure and development expenditure that do not meet the criteria in (a) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

(c) Amortisation method and period

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Computer software 2–5 years

2.8 Impairment of non-financial assets

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.

2.9 Financial assets

(a) Classification

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

a) Those to be measured subsequently at fair value (either through other comprehensive income "OCI" or through profit or loss); and

b) Those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. 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 FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Company's and the Group's financial assets comprise trade receivables, contract assets, deposits and other receivables, financial assets at FVPL and cash and cash equivalents.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit and 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of 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 gains or 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 rate method. Foreign exchange gains and losses are presented in other gains — net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains — net in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rate is updated and changes in the forward-looking estimates are analysed.

Impairment on deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, 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 other financial assets at amortised cost, including cash and cash equivalents, management considers that their credit risks have not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group has 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. There was no financial asset and liability offset during the years ended 31 December 2020, 2021 and 2022.

2.11 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Inventories consist mainly of candy products and the net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade 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 receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables from certain customers of the Group, whose contractual cash flows represent solely payments of principal and interest, were factored to reputable financial institutions under non-recourse factoring arrangement according to the Group's daily fund management needs. These trade receivable's business model is therefore achieved both by collecting contractual cash flows and selling of these assets and measures them subsequently at fair value through OCI.

See Note 3.1(b)(iii) for a description of the Group's impairment policies.

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 provide services to the customer. 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. Contract assets are recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Conversely, a contract liability represents the Group's obligation to transfer the aforesaid services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 3.1(b)(iii) and are reclassified to receivables when the right to the consideration has become unconditional.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, cash at bank and other financial institutions with original maturities of three months or less.

2.15 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.

2.16 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 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.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

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

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

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 period-end date.

2.18 Borrowings costs

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

All other borrowing costs are expensed in the year in which they are incurred.

2.19 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

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

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

2.20 Employee benefits

(a) Pension obligations

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

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

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

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. 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 present value.

(d) Short-term obligations

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The difference in between the fair value of the equity instruments to be transferred at the grant date and the cash consideration to be received at grant date was reorganised as "employee benefits".

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount 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 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.

2.22 Revenue recognition

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

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

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

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

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

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

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

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

The Group recognises costs incurred in obtaining contracts with customers that are directly associated with the contracts as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

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 relative to the total expected efforts or inputs.

The Group adopted output methods to recognise its revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract. The Group's service contracts for which internal or customers' project managers will certify the work on a specific time interval basis over the service period.

The payment terms differed for different customers due to the variety of projects. Tasks and marketers matching service and marketers assignment service are charged on monthly basis while customised marketing solution and SaaS+ subscription services are charged on project basis. Most of the payment is payable with credit term of 30-180 days. The Group does not intend to give a financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

For revenue from customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription that contain variable consideration such as variations in the performance of the labour and incentive payment, the Group estimates the amount of consideration to which it will be entitled using the most likely amount. The estimated amount of variable consideration is included in the transactions price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(a) Customised marketing solution

Customised marketing solution formulates and implements customised sales and marketing plans of the Group's customers' merchandise in offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, the Group sets up venues, arranges for marketers and event consumables and facilitates overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

The activities from customised marketing solution all together form a single performance obligation as the Group provides an integrated service. Revenue is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

(b) Tasks and marketers matching service

Tasks and marketers matching service formulates and implements standardised sales and marketing activities for the Group's customers' merchandise at offline retail stores with a view to enhancing its customers' sales performance. In particular, the Group's customers' marketing tasks are published via the Group's digitalised tool, namely *Touchkit*. The Group analyses historical task performance of marketers to identify their strengths and characteristics. With such analysis, the Group provides matching recommendation on tasks and suitable marketers. Also, with the aim to achieving the Group's customers' performance targets, the Group regularly evaluates the impact of its services on sales performance.

Revenue from tasks and marketers matching service is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

(c) Marketers assignment service

Marketers assignment service assigns the Group's employee marketers to execute sales and marketing duties based on the Group's customers' instructions at designated offline retail stores and helps manage human resources-related administration matters of these employee marketers. In particular, the Group enables its customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, the Group's customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.

The marketers assignment service revenue is recorded over time as the customers simultaneously receive and consume the benefits provided by the Group's performance of the monthly administration work.

(d) SaaS+ subscription

SaaS+ subscription offers customisation (on an as-needed basis) and subscription for the readily-available digitalised tools. In particular, the digitalised tools support the customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

Revenue from SaaS+ subscription service which including data subscription and system set up is under separate contracts and they are considered as distinct performance obligations. The revenue is recognised over time. When providing the system set-up service, the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date. Besides, the customer simultaneously receives and consumes the benefits of subscription service provided by the Group as the Group performs. The Group generally charges its customers with service fee for system set up and a fixed subscription fee over the contract period.

(e) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group controls the specified service before it is transferred to the customer, is primarily responsible for meeting customer specifications, is subject to the risk associated with employment, and has discretion in establishing prices.

(i) Customised marketing solution

Revenue for provision of customised marketing solution is recognised on a gross basis over time while the contract costs to fulfil a contract, such as labour costs, event consumables and operating costs are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group has control over the selection and evaluation of service personnel, such as discretion on salary package and key performance indicators of the staff employed and has the primarily responsibility for the quality and stability of the available staffing resources.
- The Group is subject to the risks associated with employment of the employees.
- The Group has the discretion in managing the specified implementation of service plans, such as promotion strategies, personnel scheduling, and daily management plan.
- The Group is primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers and is subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(ii) Tasks and marketers matching service

Revenue for tasks and marketers matching service is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating costs and labour costs are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group acts as organisers and project leaders in providing standardised promotion service implemented, such as budget management, assisting with sales and marketing activities, and other day-to-day operations.
- The Group is primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers.
- The Group has the discretion on the choose of supplier and resources input in the projects and is subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(iii) Marketers assignment service

Revenue for marketers assignment service is recognised on a net basis over time which the labour costs paid to the employees are recorded to net off revenue. The Group acts as an agent due to the following reasons:

- The Group provides advice to the customers but lack of control over the services implementation plan.
- The Group has no control over the daily performance or work schedule of the labour. For example, the Group has no discretion on salary level of staff employed.
- The Group assists the selection and signs off the labour contracts with hired personnel according to the final decision made by the customers. The Group is lack of the risk on the recruited employees as they could get full recovery from its customers on the labour costs.

(iv) SaaS+ subscription

Revenue for SaaS+ subscription is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs for the set up services are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group is the organiser of the services and primarily responsible for fulfilling the promise to provide the specified services to the customers.
- The Group controls the specified data and the digitalised tools before it is transferred to the customer.
- The Group has the discretion on the choose of supplier and resources input in the projects and is subject to risk it is failure to fulfil the requirement from the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(f) Existence of significant financing component

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 consequence, the Group does not adjust any of the transaction prices for the time value of money.

(g) Practical expedient

As a practical expedient, the Group elects not to disclose the information for remaining performance obligation of customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription as the contract have an original expected duration of less than one year.

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 Government grant

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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statements of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 10 below.

2.26 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial years, adjusted for bonus elements in ordinary shares issued during the years and excluding treasury shares.

(b) Diluted earnings per share

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

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

2.27 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group enters into lease agreements as a lessee with respect to certain leased offices.

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs, if any.

Payments associated with short-term leases are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activity is undertaken by management.

(a) Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2020, 2021 and 2022, there was no significant non-RMB assets and liabilities. Therefore, the Group does not have any material foreign exchange risk exposure.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from cash at banks and bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by the bank deposits. As the repayment schedule of bank borrowing are all within one year, the potential risk result from interest rate amendment is immaterial. The interest rate profile of bank borrowings is disclosed in Notes 26 and 28. The bank deposits generate interest at the prevailing market interest rates.

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at FVPL held by the Group which are carried at fair value with changes in the fair value recognised in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Each investment is managed by senior management on a case-by-case basis. The impact of variable price of the Group's investments please refer to Note 22.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash and cash equivalents, financial assets at FVPL. The carrying amounts of above items represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and large-sized listed banks whose credit rating are AAA or AA+. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Financial assets at FVPL

The Group expects that there is no significant credit risk associated with financial assets at FVPL as the Group invests in treasury investment products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(iii) Trade receivables and contract assets

The Group applies simplified approach prescribed by HKFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and ageing period. 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 Group divided trade receivables and contract assets into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, the Group calculated the expected credit loss rates respectively.

For category 1, the Group considers that these customers have a good credit profile and no default history. Also, these customers are financially capable of settling the outstanding amount. The expected credit losses for these customers are assessed individually.

For category 2, the expected credit loss rates for the trade receivables and contract assets are determined according to a provision matrix where balances that are mainly less than 12 months overdue are provided for at expected credit loss rates per below.

The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors (i.e., Gross Domestic Product and Consumer Price Index) affecting the ability of the customers to settle the receivables.

Based on the management assessment, the provision for impairment of trade receivables and contract assets is approximately RMB3,955,000, RMB4,438,000 and RMB2,753,000 as at 31 December 2020, 2021 and 2022, respectively.

On that basis, the loss allowance as at end of each reporting period was determined as follows for trade receivables and contract assets.

Category 1: Customers have a relatively low credit risk and no default history based on the external credit rating.

The provision for impairment of Category 1 trade receivables and contract assets as at 31 December 2020, 2021 and 2022 by past due date was determined as follows:

As at 31 December 2020	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**Total**
Gross carrying amount (RMB'000)	927	183,532	258,888	81,189	—	524,536
Expected credit loss rates	0.02%	0.03%	0.04%	0.09%	0.95%	
Loss allowance (RMB'000)	—*	(58)	(95)	(71)	—	(224)
Net carrying amount (RMB'000)	927	183,474	258,793	81,118	—	524,312

As at 31 December 2021	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**Total**
Gross carrying amount (RMB'000)	728	205,582	288,078	55,334	—	549,722
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	—*	(63)	(113)	(43)	—	(219)
Net carrying amount (RMB'000)	728	205,519	287,965	55,291	—	549,503

As at 31 December 2022	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**Total**
Gross carrying amount (RMB'000)	838	200,354	263,129	35,562	—	499,883
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	—*	(58)	(93)	(27)	—	(178)
Net carrying amount (RMB'000)	838	200,296	263,036	35,535	—	499,705

* *Less than RMB1,000.*

Category 2: Customers have a relatively higher credit risk

The provision for impairment of Category 2 trade receivables and contract assets as at 31 December 2020, 2021 and 2022 by past due date was determined as follows:

As at 31 December 2020	**Current**	**Up to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**121 to 150 days**	**151 to 180 days**	**Over 180 days**	**Total**
Gross carrying amount (RMB'000)	13,392	817	1,623	124	40	—	—	2,509	18,505
Expected credit loss rates	7.16%	7.22%	11.09%	12.10%	22.50%	68.76%	100.00%	100.00%	
Loss allowance (RMB'000)	(959)	(59)	(180)	(15)	(9)	—	—	(2,509)	(3,731)
Net carrying amount (RMB'000)	12,433	758	1,443	109	31	—	—	—	14,774

As at 31 December 2021	**Current**	**Up to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**121 to 150 days**	**151 to 180 days**	**Over 180 days**	**Total**
Gross carrying amount (RMB'000)	14,763	11,512	1,582	141	259	239	—	2,517	31,013
Expected credit loss rates	5.16%	5.16%	7.96%	8.51%	16.99%	68.62%	100.00%	100.00%	
Loss allowance (RMB'000)	(762)	(594)	(126)	(12)	(44)	(164)	—	(2,517)	(4,219)
Net carrying amount (RMB'000)	14,001	10,918	1,456	129	215	75	—	—	26,794

As at 31 December 2022	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
Gross carrying amount (RMB'000)	26,157	8,589	1,645	1,315	445	—	177	68	38,396
Expected credit loss rates	5.75%	5.75%	7.96%	9.58%	17.08%	61.03%	100.00%	100.00%	
Loss allowance (RMB'000)	(1,503)	(494)	(131)	(126)	(76)	—	(177)	(68)	(2,575)
Net carrying amount (RMB'000)	24,654	8,095	1,514	1,189	369	—	—	—	35,821

(iv) *Other receivables at amortised cost*

Other receivables at amortised cost mainly represents other receivables and deposits in well-known companies. The Group uses the expected credit loss model to determine the expected loss provision for other receivables. Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. All other receivables are performing and credit risk is in line with original expectations. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

The loss allowance provision for trade receivable, contract assets and other receivables as at 31 December 2020, 2021 and 2022 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables *RMB'000*	Contract assets *RMB'000*	Other receivables *RMB'000*	Total *RMB'000*
As at 1 January 2020	3,375	878	85	4,338
(Reversal of impairment losses)/ impairment losses on financial assets	(467)	169	41	(257)
As at 31 December 2020	2,908	1,047	126	4,081
As at 1 January 2021	2,908	1,047	126	4,081
Impairment losses/(reversal of impairment losses) on financial assets	698	(215)	(20)	463
As at 31 December 2021	3,606	832	106	4,544
As at 1 January 2022	3,606	832	106	4,544
(Reversal of impairment losses)/ impairment losses on financial assets	(217)	735	35	553
Written off of bad debt	(2,203)	—	—	(2,203)
As at 31 December 2022	1,186	1,567	141	2,894

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

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.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**1 to 2 year**	**2 to 3 year**	**Over 3 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020					
Trade and other payables (excluding non-financial liabilities)	111,010	—	—	—	111,010
Amount due to a related party	17	—	—	—	17
Bank borrowings and interest payments	31,657	—	—	—	31,657
Lease liabilities (including interest payments)	5,382	2,591	1,121	—	9,094
	148,066	2,591	1,121	—	151,778
As at 31 December 2021					
Trade and other payables (excluding non-financial liabilities)	105,006	—	—	—	105,006
Bank borrowings and interest payments	55,333	—	—	—	55,333
Lease liabilities (including interest payments)	3,956	1,971	212	—	6,139
	164,295	1,971	212	—	166,478

	Within 1 year	1 to 2 year	2 to 3 year	Over 3 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Trade and other payables (excluding non-financial liabilities)	106,606	—	—	—	106,606
Amount due to a related party	1,447	—	—	—	1,447
Bank borrowings and interest payments	62,033	—	—	—	62,033
Lease liabilities (including interest payments)	2,379	56	—	—	2,435
	172,465	56	—	—	172,521

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as 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. The Group uses equity to finance its operations. 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities and amounts due to related parties less cash and cash equivalents and financial assets at FVPL. Total capital is calculated as "total equity" as shown in the consolidated statements of financial position.

The Group's strategy is to maintain a gearing ratio at a minimal level. The gearing ratio at 31 December 2020, 2021 and 2022 were as follows:

		As at 31 December		
	Notes	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Borrowings	26	31,000	54,800	61,273
Lease liabilities	16	8,626	5,911	2,374
Amounts due to related parties	28	17	—	1,447
Less: Cash and cash equivalents	23	(9,110)	(20,317)	(62,704)
Less: Financial assets at FVPL	22	(9,180)	(4,000)	—
Net debt		21,353	36,394	2,390
Total equity		267,437	325,031	346,494
Gearing ratio		8.0%	11.2%	0.7%

3.3 Fair value estimation

(a) Fair value hierarchy

The Group analyses its financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial department of the Group performs the valuation of level 3 financial instruments for financial reporting purposes and manages the valuation exercise of the financial instruments on a case by case basis. At least once a year, the financial department uses valuation techniques to determine the fair value of level 3 financial instruments and reports to senior management and the directors of the Company.

The following table presents the Group's assets that are measured at fair value.

	Level 3
	RMB'000
As at 31 December 2020	
Financial assets at FVOCI: trade receivable	210,568
Financial assets at FVPL: short-term treasury investments	9,180
As at 31 December 2021	
Financial assets at FVOCI: trade receivable	265,201
Financial assets at FVPL: short-term treasury investments	4,000
As at 31 December 2022	
Financial assets at FVOCI: trade receivable	239,296
Financial assets at FVPL: short-term treasury investments	—

(b) Fair value measurements using unobservable inputs

The Group enters into short-term treasury investments products contracts with certain financial institutions in the PRC. These are reflected as financial assets at FVPL on the consolidated statement of financial position. The management has exercised due care when make investment decision with focus only on low risk treasury investment products.

The main level 3 inputs used by the Group are return rates of the financial assets at FVPL which are derived and evaluated based on the yield rate written in contracts by the counterparties.

Quantitative information about fair value measurements using unobservable inputs

(i) FVPL

	As at 31 December					
Description	**2020** *RMB'000*	**2021** *RMB'000*	**2022** *RMB'000*	**Valuation technique**	**Unobservable input**	**Relationship of unobservable inputs to fair value**
Fair value	9,180	4,000	—	Discounted cash flow	Expected return rate	The higher the expected return rate, the higher the fair value.
Range of unobservable input	2.15%–2.91%	2.60%–2.99%	—			

As at 31 December 2020, 2021 and 2022, a change in expected return rate per annum by 100 basis points will result in a change in fair value by approximately RMB92,000, RMB40,000 and nil respectively.

(ii) FVOCI

	As at 31 December					
Description	**2020** *RMB'000*	**2021** *RMB'000*	**2022** *RMB'000*	**Valuation technique**	**Unobservable input**	**Relationship of unobservable inputs to fair value**
Fair value	210,568	265,201	239,296	Discounted cash flow	Discount rate	The higher the discount rate, the lower the fair value.
Range of unobservable input	2.54%–3.95%	3.54%–3.95%	3.23%–3.95%			

As at 31 December 2020, 2021 and 2022, a change in discount rate per annum by 100 basis points will result in a change in fair value by approximately RMB2,106,000, RMB2,652,000 and RMB2,393,000 respectively.

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) Revenue recognition

The management measures the value of services performed based on output method, which is to recognise revenue on the basis of direct measurement of the value of services transferred to the customer to date relative to the remaining services promised to be completed under the service contracts. The services contracts normally complete within a year. Management estimates the revenue at the commencement of the service contracts and regularly assesses the progress of projects as well as the financial impact of cost incurred, scope changes, claims and disputes. The management's estimate of revenue and the completion status of service contracts requires significant judgement and has a significant impact on the amount and timing of revenue recognised. There are internal and customers' project managers to measure the value of the services completed for each project periodically and issue internal progress reports. The Group regularly reviews and revises the estimation of contract revenue prepared for each service contract as the contract progresses based on internal progress reports or confirmation from customers' project managers.

(b) Principal versus agent considerations

The Group follows the accounting guidance for principal and agent considerations to assess whether the Group controls the specified service before it is transferred to the customer and also the indicators of which including but not limited to: (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service including whether the entity has discretion in selecting suppliers; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; (c) whether the entity has discretion in establishing the prices for the specified service. The directors of the Company consider the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgement when assessing the indicators depending on different circumstances.

(c) Impairment loss of trade receivables and contract assets

The Group follows the guidance of HKFRS 9 to determine whether trade receivables and contract assets are impaired. Significant judgement is exercised on the assessment of the risk of default and expected credit losses from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including payments schedule, customers' financial positions and expected future change of credit risks, including consideration of factors such as general economy measure, changes in macro-economic indicators, etc. Details of assumptions and inputs used are discussed in Note 3.1(b)(iii).

(d) Current and deferred income taxes

The Group is principally subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUE AND SEGMENT INFORMATION

The chairman of the Company has been identified as the chief operating decision maker of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The chairman of the Company regards the Group's business as a single operating segment and review consolidated financial statements accordingly.

(a) Disaggregation of revenue

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from:			
Customised marketing solution	305,888	272,724	459,623
Tasks and marketers matching service	32,127	59,238	82,062
Marketers assignment service	73,583	69,412	48,713
SaaS+ subscription	1,973	14,915	27,712
	413,571	416,289	618,110

All revenue of the Group is recognised over time during the years ended 31 December 2020, 2021 and 2022.

(b) Geographical information

All the revenue and assets are based in the PRC during the years ended 31 December 2020, 2021 and 2022.

(c) Revenue from major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for years ended 31 December 2020, 2021 and 2022 is set out below:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A*	N/A*	85,954
Customer B	71,187	81,235	80,317
Customer C	61,838	N/A*	N/A*
Customer D	N/A*	N/A*	166,757
Customer E	68,507	66,509	N/A*

* *Represent less than 10% of revenue for the respective years.*

(d) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the years ended 31 December 2020, 2021 and 2022 related to carried-forward contract liabilities.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year			
Marketers assignment service	5,019	3,624	3,297

(e) Unsatisfied performance obligations

As disclosed in Note 2.22(e), the Group elects not to disclose the information for remaining performance obligation of customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription as the contracts have an original expected duration of less than one year as a practical expedient.

(f) Assets recognised from costs to fulfil a contract

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Asset recognised from costs incurred to fulfil a contract as at 31 December	2,392	712	480
Amortisation recognised as cost of providing services during the year	3,781	2,392	712

6 OTHER INCOME AND GAINS — NET

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants *(Note (a))*	3,746	22,829	26,090
Interest income from related parties *(Note 28(b))*	2,857	—	—
Gain on additional deduction of value-added tax	1,790	1,859	1,804
	8,393	24,688	27,894
Other gains — net			
Fair value gains from FVPL	316	485	753
Loss on disposal of plant and equipment	—	(9)	(39)
Gains on termination of leases	—	—	292
Others	(76)	(12)	(4)
	240	464	1,002

(a) The government grants were mainly consisted of job-subsidy programme and companies registration subsidies for the years ended 31 December 2020, 2021 and 2022. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of material government assistance.

7 Expenses by nature

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses (including directors' emoluments) *(Note 8)*	52,441	63,932	297,338
Labour service fees	209,354	194,630	166,059
Research, development and technical service expenses	9,603	10,831	25,754
Event consumables	29,238	38,354	22,320
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Travel and transportation expenses	16,035	16,359	13,349
Office expenses	6,570	4,753	8,727
Other taxes and levies	7,999	7,877	6,690
Amortisation and depreciation *(Note 14, Note 15, Note 16(a))*	7,461	7,402	6,004
Impairment losses on inventories	1,755	—	—
Auditor's remuneration — audit services	739	—	—
Other expenses	3,169	2,348	2,650
	344,364	354,856	566,744
Representing:			
Cost of services	249,605	246,040	444,543
Administrative expenses	64,312	75,886	77,874
Research and development expenses	11,743	12,161	25,019
Selling and marketing expenses	18,704	20,769	19,308
	344,364	354,856	566,744

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages and salaries	34,273	40,557	218,354
Discretionary bonuses	2,207	2,281	1,172
Contributions to pension plans *(Note (c))*	3,128	8,956	51,718
Housing benefits and other expenses	12,833	12,138	26,094
	52,441	63,932	297,338
Representing:			
Cost of services	7,659	9,424	248,792
Administrative expenses	25,465	30,019	22,696
Selling and marketing expenses	15,892	18,430	17,762
Research and development expenses	3,425	6,059	8,088
	52,441	63,932	297,338

(a) Employee benefit expenses increased significantly for the year ended 31 December 2022 was mainly because some of the Group's customers switched their service type from marketers assignment service to customised marketing solution and thus, the employee benefit including wages and salaries, contributions to pension plans, housing benefits in relation to the employee marketers were recorded in full in employee benefit expenses for customised marketing solution (instead of being recognised on a net basis under marketers assignment service).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include the two, two and two directors for each of the years ended 31 December 2020, 2021 and 2022 respectively. Their emoluments were reflected in Note 9(a). The emoluments paid to the remaining non-director individuals are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages and salaries	1,268	1,981	2,328
Discretionary bonuses	257	134	25
Contributions to pension plans	83	290	251
Housing benefits and other expenses	69	74	98
	1,677	2,479	2,702

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December		
	2020	**2021**	**2022**
Emolument band (in Hong Kong dollars)			
HK$500,001–HK$1,000,000 (equivalent to approximately RMB409,000 to RMB818,000)	3	3	2
HK$1,000,001–HK$1,500,000 (equivalent to approximately RMB818,000 to RMB1,226,000)	—	—	1
	3	3	3

(c) Contributions to pension plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February 2020 to December 2020 have been reduced or exempted accordingly.

During the years ended 31 December 2020, 2021 and 2022, no forfeited contributions were utilised by the Group to reduce its contributions, and no forfeited contribution was available as at 31 December 2020, 2021 and 2022 to reduce future contributions.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Mr. Sun was appointed as an executive director of the Company on 30 September 2021. Mr. Yang was appointed as executive director of the Company on 1 July 2022.

Mr. Li Jianbo and Mr. Zhong Jiesheng were appointed as the Company's non-executive directors of the Company on 1 July 2022.

Ms. Li Yingkai, Mr. Lau Man Tak and Mr. Ngan Wing Ho were appointed as the Company's independent non-executive directors of the Company on 23 September 2022.

The remuneration of each director paid/payable for each of the years ended 31 December 2020, 2021 and 2022 were set out below:

Name of directors	Fees	Salaries	Discretionary bonuses	Contributions to pension plans	Allowances and benefits in kind *(note (ii))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020						
Executive director and chief executive officer:						
Mr. Sun	—	533	—	30	22	585
Executive director:						
Mr. Yang	—	426	115	30	22	593
Total	—	959	115	60	44	1,178

Name of directors	Fees	Salaries	Discretionary bonuses	Contributions to pension plans	Allowances and benefits in kind *(note (ii))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021						
Executive director and chief executive officer:						
Mr. Sun	—	716	45	97	25	883
Executive director:						
Mr. Yang	—	559	34	97	25	715
Total	—	1,275	79	194	50	1,598

Name of directors	Fees	Salaries	Discretionary bonuses	Contributions to pension plans	Allowances and benefits in kind *(note (ii))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2022						
Executive director and chief executive officer:						
Mr. Sun	—	843	—	96	27	966
Executive director:						
Mr. Yang	—	585	—	96	27	708
Non-executive directors:						
Mr. Li Jianbo	—	—	—	—	—	—
Mr. Zhong Jiesheng	—	—	—	—	—	—
Independent non-executive directors:						
Ms. Li Yingkai	—	—	—	—	—	—
Mr. Lau Man Tak	—	—	—	—	—	—
Mr. Ngan Wing Ho	—	—	—	—	—	—
Total	—	1,428	—	192	54	1,674

(i) The remunerations of executive directors represent remunerations received from the PRC Operating Companies by these directors in their capacity as employees to the PRC Operating Companies.

(ii) Allowances and benefits in kind mainly represent the Housing Provident Fund regulated by Ministry of Human Resources and Social Security of the PRC.

(iii) During the period from the date of respective appointment to ended 31 December 2022, the non-executive directors and independent non-executive directors did not receive any remuneration from the Group. No directors waived any emoluments during the years ended 31 December 2020, 2021 and 2022.

(b) Directors' termination benefits

No payment was made to the directors as compensation for the early termination of the appointment during the years ended 31 December 2020, 2021 and 2022.

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

No payment was made to the former employer of the directors for making available the services of them as a director of the Company or PRC Operating Companies during the years ended 31 December 2020, 2021 and 2022.

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

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2020, 2021 and 2022.

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

Other than those disclosed in Note 9 and 28, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or PRC Operating Companies were a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the three years or at any time during the years ended 31 December 2020, 2021 and 2022.

10 FINANCE COSTS — NET

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
— Bank interest income	61	136	162
	61	136	162
Finance costs			
— Interest for trade receivables factoring	(2,722)	(2,142)	(715)
— Interest expenses for bank borrowings	(1,131)	(2,401)	(2,093)
— Interest expenses on lease liabilities	(523)	(373)	(265)
— Others	(178)	—	—
	(4,554)	(4,916)	(3,073)
	(4,493)	(4,780)	(2,911)

11 INCOME TAX EXPENSES

(a) Cayman Islands and BVI Income Tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, members of the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong during the years ended 31 December 2020, 2021 and 2022.

(c) The PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding tax rates of the group company in Hong Kong is 10% after the completion of the Reorganisation (Note 1.2).

(d) PRC Enterprise Income Tax

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC significant subsidiaries during the years ended 31 December 2020, 2021 and 2022. Certain subsidiaries of the Group in the PRC were qualified as "Small Low-Profit Enterprise" since 2019. "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. From 1 January 2019 to 31 December 2020, under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. From 1 January 2021 to 31 December 2022, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. Thus, the subsidiaries were subject to a preferential income tax rate of 5% or 10% in 2020 and 2.5%, or 10% in 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	20,112	21,812	22,476
Deferred income tax *(Note 18)*	(574)	631	1,420
Income tax expenses	19,538	22,443	23,896

Reconciliation between income tax expenses and accounting profit at applicable tax rate:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	73,435	81,453	76,598
Tax calculated at the statutory PRC tax rate of 25%	18,359	20,363	19,150
Tax effect of expenses not deductible for tax purposes	1,519	3,002	1,033
Tax effect of expenses additional deductible for tax purposes	(64)	(138)	(95)
The impact of difference in tax rate applicable to subsidiaries	(276)	(784)	3,808
	19,538	22,443	23,896

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020, 2021 and 2022.

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020, 2021 and 2022, the 1 share issued on 30 September 2021 (the date of incorporation of the Company) and 19,999 shares issued on even date under the Reorganisation in preparation for the [REDACTED] (Note 1.2(a)) were deemed to have been issued on 1 January 2020 as if the Company has been incorporated by then, and the effects of share subdivisions on 25 February 2022 (Note 1.2(h)) and 4 April 2023 (Note 29(b)) have been retrospectively adjusted for the purpose of earnings per share computation. In addition to the aforementioned, in determining the weighted average number of ordinary shares in issue during the year ended 31 December 2022, the effect of 200 treasury shares received on 18 January 2022 (Note 24(b)(ii)) and 4,008 shares issued on 1 March 2022 (Note 1.2(h)) have also been adjusted by a time-weighting factor.

	Year ended 31 December		
	2020	**2021**	**2022**
Profit attributable to owners of the Company (RMB'000)	53,874	58,664	52,702
Weighted average number of ordinary shares in issue	100,000,000	100,000,000	99,218,000
Basic and diluted earnings per share (in RMB)	0.54	0.59	0.53

Diluted earnings per shares for the years ended 31 December 2020, 2021 and 2022 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years.

13 DIVIDENDS

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

Dividends of RMB165,000,000 during the year ended 31 December 2020 represented dividends declared by a company now comprising the Group to its then shareholders. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

14 PLANT AND EQUIPMENT

	Leasehold improvement *RMB'000*	**Office equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
At 1 January 2020				
Cost	1,545	3,408	457	5,410
Accumulated depreciation	(1,298)	(2,626)	(245)	(4,169)
Net book amount	247	782	212	1,241
Year ended 31 December 2020				
Opening net book amount	247	782	212	1,241
Additions for the year	—	188	—	188
Depreciation charge *(Note 7)*	(243)	(277)	(44)	(564)
Closing net book amount	4	693	168	865
At 31 December 2020				
Cost	1,545	3,596	457	5,598
Accumulated depreciation	(1,541)	(2,903)	(289)	(4,733)
Net book amount	4	693	168	865
Year ended 31 December 2021				
Opening net book amount	4	693	168	865
Additions for the year	—	297	323	620
Disposals	—	(18)	—	(18)
Depreciation charge *(Note 7)*	(4)	(324)	(75)	(403)
Closing net book amount	—	648	416	1,064
At 31 December 2021				
Cost	1,545	3,553	780	5,878
Accumulated depreciation	(1,545)	(2,905)	(364)	(4,814)
Net book amount	—	648	416	1,064

	Leasehold improvement	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Opening net book amount	—	648	416	1,064
Additions for the year	—	392	—	392
Disposals	—	(43)	—	(43)
Depreciation charge *(Note 7)*	—	(323)	(106)	(429)
Closing net book amount	—	674	310	984
At 31 December 2022				
Cost	1,545	3,085	780	5,410
Accumulated depreciation	(1,545)	(2,411)	(470)	(4,426)
Net book amount	—	674	310	984

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	488	332	381
Selling and marketing expenses	76	71	48
	564	403	429

15 INTANGIBLE ASSETS

	Computer software
	RMB'000
At 1 January 2020	
Cost	6,477
Accumulated amortisation	(3,493)
Net book amount	2,984
Year ended 31 December 2020	
Opening net book amount	2,984
Additions for the year	1,403
Amortisation charge *(Note 7)*	(1,698)
Closing net book amount	2,689
At 31 December 2020	
Cost	7,880
Accumulated amortisation	(5,191)
Net book amount	2,689

	Computer software *RMB'000*
Year ended 31 December 2021	
Opening net book amount	2,689
Amortisation charge *(Note 7)*	(1,698)
Closing net book amount	991
At 31 December 2021	
Cost	7,880
Accumulated amortisation	(6,889)
Net book amount	991
Year ended 31 December 2022	
Opening net book amount	991
Amortisation charge *(Note 7)*	(991)
Closing net book amount	—
At 31 December 2022	
Cost	7,880
Accumulated amortisation	(7,880)
Net book amount	—

Amortisation charges were included in administrative expenses for the years ended 31 December 2020, 2021 and 2022.

16 LEASES

(a) Right-of-use assets

	Leased premises *RMB'000*
At 1 January 2020	
Cost	16,268
Accumulated depreciation	(5,443)
Net book amount	10,825
Year ended 31 December 2020	
Opening net book amount	10,825
Additions for the year	2,533
Depreciation charge *(Note 7)*	(5,199)
Closing net book amount	8,159
At 31 December 2020	
Cost	18,801
Accumulated depreciation	(10,642)
Net book amount	8,159

	Leased premises
	RMB'000
Year ended 31 December 2021	
Opening net book amount	8,159
Additions for the year	2,754
Depreciation charge *(Note 7)*	(5,301)
Closing net book amount	5,612
At 31 December 2021	
Cost	21,555
Accumulated depreciation	(15,943)
Net book amount	5,612
Year ended 31 December 2022	
Opening net book amount	5,612
Additions for the year	3,143
Disposals for the year	(1,662)
Depreciation charge *(Note 7)*	(4,584)
Closing net book amount	2,509
At 31 December 2022	
Cost	19,264
Accumulated depreciation	(16,755)
Net book amount	2,509

The right-of-use assets represent the Group's rights to use underlying offices under lease arrangements over the lease terms from 2 to 4 years. They are stated at cost less accumulated depreciation.

No contract terms specifically arranged for variable payment, residual value guarantees, extension and termination options were embedded in the lease arrangement.

Depreciation charges were included in administrative expenses for the years ended 31 December 2020, 2021 and 2022.

(b) Lease liabilities

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	8,626	5,911	2,374
Less: Non-current	(3,570)	(2,133)	(55)
Current portion	5,056	3,778	2,319

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses on lease liabilities for the year *(Note 10)*	523	373	265
Expenses relating to short-term leases (included in administrative expenses)	1,442	1,145	1,982

The total cash outflows for leases including payments of short-term leases, principal and interest payments of lease liabilities for the years ended 31 December 2020, 2021 and 2022 were approximately RMB7,114,000, RMB6,102,000 and RMB7,375,000, respectively.

17 INVESTMENTS IN ASSOCIATES

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	4,733	4,564	4,675
Share of (losses)/profit of associates — net	(169)	111	(200)
As at 31 December	4,564	4,675	4,475

The details of the associates of the Group are as follows:

Name	Nature of business	Place of operations	% of ownership interest As at 31 December 2020	2021	2022
Beijing Aikaka Information Technology Ltd. ("**Beijing Aikaka**")	Digital marketing system development	The PRC	19%	19%	19%
Guangzhou Cema Information Technology Consulting Co., Ltd. ("**Guangzhou Cema**")	Digital marketing system development	The PRC	15%	15%	15%

Through the agreements, the Group is respectively guaranteed one out of three seats on the board of Beijing Aikaka and one out of three seats on the board of Guangzhou Cema to participate in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over Beijing Aikaka and Guangzhou Cema, even though it only holds 19% and 15% of the voting rights respectively. Both of the associates are accounted for using the equity method.

As at 31 December 2020, 2021 and 2022, no material commitments and contingent liabilities were imposed in the associates and there is no unrecognised share of losses for the Group.

Management has assessed the associates' future operating strategy, investment plan and financing arrangement by performing financial forecast. No impairment was made during the years ended 31 December 2020, 2021 and 2022 as the forecasted recoverable amount of associates is estimated to exceed the carrying amount as at 31 December 2020, 2021 and 2022.

18 DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
To be realised after more than 12 months	2,016	1,204	710
To be realised within 12 months	711	892	(34)
Deferred income tax assets	2,727	2,096	676

The movements in deferred income tax assets and liabilities for the years ended 31 December 2020, 2021 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets					Deferred income tax liabilities	
	Tax losses	Bad debts	Lease liabilities	Impairment of inventories	Sub-Total	Right-of-use assets	Deferred income tax assets — net
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	425	1,058	2,777	599	4,859	(2,706)	2,153
Credit/(charged) to the consolidated statements of comprehensive income	1,178	(51)	(621)	(599)	(93)	667	574
At 31 December 2020 and 1 January 2021	1,603	1,007	2,156	—	4,766	(2,039)	2,727
(Charged)/credit to the consolidated statements of comprehensive income	(711)	123	(680)	—	(1,268)	637	(631)
At 31 December 2021 and 1 January 2022	892	1,130	1,476	—	3,498	(1,402)	2,096
(Charged)/credit to the consolidated statements of comprehensive income	(892)	(420)	(884)	—	(2,196)	776	(1,420)
At 31 December 2022	—	710	592	—	1,302	(626)	676

As at 31 December 2022, the Group had unrecognised deferred income tax liabilities of RMB25,819,000 that would otherwise be payable as withholding income tax in respect of the undistributed profits of a PRC subsidiary. Unremitted earnings in this respect amounted to approximately RMB258,194,000 as at 31 December 2022. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and the directors have confirmed that such earnings will not be distributed out of the PRC in the foreseeable future. No such unrecognised deferred income tax liabilities as at 31 December 2020 and 2021 as the PRC Operating Companies was held by PRC shareholders before the Reorganisation.

19 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Financial assets subsequently measured at amortised cost			
— Trade receivables	112,784	127,840	105,606
— Deposits and other receivables (excluding prepayments) *(Note 20)*	15,454	12,966	12,949
— Cash and cash equivalents *(Note 23)*	9,110	20,317	62,704
Financial assets at FVPL			
— Debt investments: short-term treasury investments *(Note 22)*	9,180	4,000	—
Financial assets at FVOCI			
— Trade receivables	210,568	265,201	239,296
Total	357,096	430,324	420,555
Liabilities as per consolidated statements of financial position			
Financial liabilities subsequently measured at amortised cost			
— Trade payables *(Note 25)*	45,596	45,739	52,066
— Other payables excluding non-financial liabilities	65,414	59,267	54,540
— Borrowings *(Note 26)*	31,000	54,800	61,273
— Lease liabilities *(Note 16)*	8,626	5,911	2,374
— Amounts due to related parties *(Note 28)*	17	—	1,447
Total	150,653	165,717	171,700

20 TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	326,260	396,647	346,088
Less: allowance for impairment of trade receivables *(Note 3.1(b)(iii))*	(2,908)	(3,606)	(1,186)
Trade receivables — net	323,352	393,041	344,902

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
1–60 days	218,202	236,000	172,636
61–120 days	87,376	101,344	135,145
121–180 days	16,087	45,801	31,732
Over 180 days	4,595	13,502	6,575
	326,260	396,647	346,088

The ageing of trade receivables is mainly within 180 days after invoicing depending on the nature of services. The Group's trade receivables are denominated in RMB and initially recognised at transaction price on gross amount.

(b) Deposits, other receivables and prepayments

The Group

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Value-added tax receivables from customers	13,007	11,045	11,026
Deposits — third parties	1,857	1,800	1,943
Other receivables — staff	670	222	121
Others	46	5	—
	15,580	13,072	13,090
Less: allowance for impairment of other receivables	(126)	(106)	(141)
Other receivables — net	15,454	12,966	12,949
Prepayments for [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepayments to suppliers	133	103	976
	133	1,980	6,823

The Group's deposits, other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade receivables, deposits and other receivables approximate to their fair values. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of trade receivables, deposits and other receivables mentioned above.

The Company

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Prepayments for [REDACTED]	[REDACTED]	[REDACTED]

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities.

	As at 1 January 2020	As at 31 December 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Customised marketing solution	106,865	96,541	62,059	123,054
Tasks and marketers matching service	4,988	6,837	4,396	14,451
Marketers assignment service	139,526	112,009	112,137	52,439
SaaS+ subscription	—	1,394	5,496	2,247
Contract assets — gross carrying amount	251,379	216,781	184,088	192,191
Less: allowance for impairment of contract assets *(Note 3.1(b)(iii))*	(878)	(1,047)	(832)	(1,567)
Contract assets — net	250,501	215,734	183,256	190,624
Contract liabilities				
Marketers assignment service	5,019	3,624	3,297	6,858

(a) The Group's contract assets are denominated in RMB and initially recognised at transaction price on gross amount.

(b) The Group expects that contract assets have the same risk characteristics as trade receivables. The impairment of contract assets is disclosed in Note 3.1(b)(iii).

(c) Movement for the gross carrying amount of contract assets during the years ended 31 December 2020, 2021 and 2022 are as follows:

(i) Customised marketing solution

	31 December 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	106,865	96,541	62,059
Contract assets recognised	305,888	272,724	459,623
Transferred to trade receivables	(316,212)	(307,206)	(398,628)
As at 31 December	96,541	62,059	123,054

(ii) Tasks and marketers matching service

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	4,988	6,837	4,396
Contract assets recognised	32,127	59,238	82,062
Transferred to trade receivables	(30,278)	(61,679)	(72,007)
As at 31 December	6,837	4,396	14,451

(iii) Marketers assignment service

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	139,526	112,009	112,137
Contract assets recognised	1,059,106	1,128,950	763,128
Transferred to trade receivables	(1,086,623)	(1,128,822)	(822,826)
As at 31 December	112,009	112,137	52,439

(iv) SaaS+ subscription

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	—	1,394	5,496
Contract assets recognised	1,973	14,915	27,712
Transferred to trade receivables	(579)	(10,813)	(30,961)
As at 31 December	1,394	5,496	2,247

22 FINANCIAL ASSETS AT FVPL

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	—	9,180	4,000
Additions	434,500	576,140	683,800
Fair value gains from FVPL	316	485	753
Redemption	(425,636)	(581,805)	(688,553)
As at 31 December	9,180	4,000	—
Classification:			
Debt investments : short-term treasury investments	9,180	4,000	—

23 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and other financial institutions	9,096	20,292	62,683
Cash on hand	14	25	21
Cash and cash equivalents	9,110	20,317	62,704

Cash and cash equivalents were denominated in the following currencies:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Denominated in RMB	9,110	20,317	62,539
Denominated in HK$	—	—	165
Cash and cash equivalents	9,110	20,317	62,704

As at 31 December 2020, 2021 and 2022, the balances of cash and cash equivalents are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL AND RESERVES

(a) Share capital of the Company

	Number of ordinary shares	**Equivalent nominal value of ordinary share**
		RMB'000
Authorised:		
As at 30 September 2021 (date of incorporation) and 31 December 2021	50,000	324
Subdivision of shares *(Note 1.2(h))*	4,950,000	—
As at 31 December 2022	5,000,000	324
Issued:		
Upon incorporation	1	—*
Issue of shares *(Note 1.2(a))*	19,999	130
Balance at 31 December 2021	20,000	130
At 1 January 2022	20,000	130
Subdivision of shares *(Note 1.2(h))*	1,980,000	—
Issue of shares *(Note 1.2(h))*	4,008	—*
As at 31 December 2022	2,004,008	130

* *Less than RMB1,000*

(b) Other reserves of the Group

	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Total *RMB'000*
At 1 January 2020	142,275	17,003	159,278
Transfer to statutory reserves *(Note (i))*	—	18,971	18,971
At 31 December 2020 and 1 January 2021	142,275	35,974	178,249
Transfer to statutory reserves *(Note (i))*	—	3,028	3,028
Shareholding acquisition from non-controlling interests for a subsidiary	323	—	323
At 31 December 2021 and 1 January 2022	142,598	39,002	181,600
Capital injection from a new shareholder	3,510	—	3,510
Deemed distribution *(Note 1.2(g))*	(34,749)	—	(34,749)
Transfer to statutory reserves *(Note (i))*	—	1,633	1,633
At 31 December 2022	111,359	40,635	151,994

(i) Statutory reserve

In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and the Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, such transfer needs not to be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserve Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered paid in capital.

Also, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their Respective Reserve Fund. The percentage of net profit to be appropriated to the Reserve Fund is not less than 10% of the net profit. When the balance of the Reserve Fund reaches 50% of the registered capital, such transfer needs not be made. With approvals obtained from respective boards of directors of these companies, the Reserve Fund can be used to offset accumulated deficit or to increase capital.

(ii) RSU scheme

The Company adopted a Restricted Share Unit Scheme on 13 January 2022 (the "RSU Scheme"). On 18 January 2022, Mr. Sun, through a series of transactions, indirectly transferred the entire issued share capital of Robert Sun Holdings, which held 200 shares of the Company (the "Underlying Shares"), to Kastle Limited (as the trustee), for the execution of the RSU Scheme without consideration. The Underlying Shares were subsequently subdivided into 20,000 shares of par value of USD0.01 each (Note 1.2(h)), representing approximately 1% of total issued shares of the Company as at 31 December 2022.

Pursuant to the RSU Scheme, the Underlying Shares were within the Company's control until the shares are vested unconditionally to the participants and hence were considered as treasury shares of the Company in substance. Up to 31 December 2022, no RSU has been granted by the Company under the RSU Scheme.

(c) Reserves movement of the Company

The reserves movement of the Company is as follows:

	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 30 September 2021 (date of incorporation)	—	—	—
Loss for the period	—	(5,121)	(5,121)
Balance at 31 December 2021	—	(5,121)	(5,121)
Loss for the year	—	(17,185)	(17,185)
Reorganisation of the Group *(Note 1.2(h))*	298,782	—	298,782
Balance at 31 December 2022	298,782	(22,306)	276,476

25 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	45,596	45,739	52,066
Other payables:			
— Accrued staff costs	95,113	95,040	79,977
— Refund on pension return to customers *(Note (a))*	58,866	52,305	48,015
— Other tax payables	55,156	34,150	16,449
— Payable for [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Accrual expenses	1,478	2,019	922
— Reimbursement and refund payables	3,642	1,425	712
— Payables for acquisition of intangible assets	396	—	—
— Others	1,032	719	793
	215,683	188,457	150,966
	261,279	234,196	203,032

The trade and other payables are denominated in RMB and the carrying amounts approximate their fair values.

The ageing analysis of the trade payables by invoice date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Up to 90 days	45,596	45,739	52,066

(a) Due to the impact of COVID-19, the Group was reduced from social security payments by the government for a certain period during the year ended 2020. The total payment, received from customers related to marketers assignment service for settling the social insurance obligation but subsequently reduced by the government, was approximately RMB70,788,000. The Group had negotiated with customers for returning above payment and the refundable balances were amounted to approximately RMB58,866,000, RMB52,305,000 and RMB48,015,000 as at 31 December 2020 and 2021 and 2022 respectively.

The Company

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Other payables:		
— Payable for [REDACTED]	[REDACTED]	[REDACTED]

26 BORROWINGS

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current, secured			
— Bank borrowings	31,000	54,800	61,273

(a) The carrying amounts of the bank borrowings, which are all due within one year, approximate their fair values. The bank borrowings are denominated in RMB and the weighted average interest rates were 4.92%, 4.70% and 4.18% per annum as at 31 December 2020, 2021 and 2022, respectively.

(b) As at 31 December 2020 and 2021, borrowings were secured and guaranteed by:

(i) Personal guarantees provided by Mr. Sun and Mrs. Sun;

(ii) Properties held by Mr. Sun and Mrs. Sun;

(iii) Corporate guarantees provided by certain subsidiaries of the Company;

(iv) Guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises.

As at 31 December 2022, borrowings were guaranteed by:

(i) Corporate guarantees provided by certain subsidiaries of the Company;

(ii) Guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises.

(c) The Group has complied with the financial covenants of its borrowing for the years ended 31 December 2020, 2021 and 2022.

27 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Profit before income tax	73,435	81,453	76,598
Adjustments for:			
Finance income *(Note 10)*	(61)	(136)	(162)
Finance costs *(Note 10)*	4,554	4,916	3,073
Fair value gains from FVPL *(Note 6)*	(316)	(485)	(753)
Interest income from related parties *(Note 28)*	(2,857)	—	—
Loss/(gain) on disposal of assets *(Note 6)*	—	9	(253)
Amortisation and depreciation *(Note 7)*	7,461	7,402	6,004
Shares of losses/(profit) from associates — net *(Note 17)*	169	(111)	200
Impairment losses of inventories *(Note 7)*	1,755	—	—
(Reversal of impairment losses)/impairment losses on trade receivables, contract assets and other receivables	(257)	463	553
	83,883	93,511	85,260
Changes in working capital:			
(Increase)/decrease in trade receivables	(99,488)	(72,529)	47,641
Decrease/(increase) in deposits, other receivables and prepayments	4,554	2,325	(1,521)
Decrease/(increase) in contract assets	34,598	32,693	(8,103)
Increase in inventories	(1,329)	—	—
Decrease in contract costs	1,389	1,680	232
Increase/(decrease) in trade and other payables	37,087	(513)	(31,164)
Increase/(decrease) in amounts due to related parties	17	(17)	—
(Decrease)/increase in contract liabilities	(1,395)	(327)	3,561
Net cash generated from operations	59,316	56,823	95,906

(b) Financial liabilities reconciliation

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the years ended 31 December 2020, 2021 and 2022.

	Liabilities from financing activities						Other assets		
	Borrowings	Lease liabilities	Amounts due to related parties	Payable to shareholders	Dividend and withholding tax payables	Sub-total	Cash and cash equivalents	Financial assets at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	(26,866)	(11,107)	—	29	—	(37,944)	19,220	—	(18,724)
Cash flows:									
— Proceeds from bank borrowings	(54,000)	—	—	—	—	(54,000)	—	—	(54,000)
— Repayment of bank borrowings	49,866	—	—	—	—	49,866	—	—	49,866
— Declaration of dividend	—	—	—	—	138,826	138,826	—	—	138,826
— Subscription of financial assets	—	—	—	—	—	—	—	434,500	434,500
— Redemption of financial assets	—	—	—	—	—	—	—	(425,636)	(425,636)
— Interest paid for borrowings	1,131	—	—	—	—	1,131	—	—	1,131
— Other cash flow	—	5,537	—	(29)	—	5,508	(10,110)	—	(4,602)
Non-cash movement:									
— Research and computer expense	—	—	(17)	—	—	(17)	—	—	(17)
— Additions of right-of-use assets	—	(2,533)	—	—	—	(2,533)	—	—	(2,533)
— Interest expenses	(1,131)	(523)	—	—	—	(1,654)	—	—	(1,654)
— Fair value gains from FVPL	—	—	—	—	—	—	—	316	316
— Declaration of dividend	—	—	—	—	(165,000)	(165,000)	—	—	(165,000)
As at 31 December 2020	(31,000)	(8,626)	(17)	—	(26,174)	(65,817)	9,110	9,180	(47,527)

	Liabilities from financing activities					Other assets		
	Borrowings	Lease liabilities	Amounts due to related parties	Dividend and withholding tax payables	Sub-total	Cash and cash equivalents	Financial assets at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	(31,000)	(8,626)	(17)	(26,174)	(65,817)	9,110	9,180	(47,527)
Cash flows								
— Proceeds from bank borrowings	(74,600)	—	—	—	(74,600)	—	—	(74,600)
— Repayment of bank borrowings	50,800	—	—	—	50,800	—	—	50,800
— Payment of withholding income tax	—	—	—	26,174	26,174	—	—	26,174
— Subscription of financial assets	—	—	—	—	—	—	576,140	576,140
— Redemption of financial assets	—	—	—	—	—	—	(581,805)	(581,805)
— Interest paid for borrowings	2,401	—	—	—	2,401	—	—	2,401
— Other cash flow	—	5,842	17	—	5,859	11,207	—	17,066
Non-cash movement:								
— Additions of right-of-use assets	—	(2,754)	—	—	(2,754)	—	—	(2,754)
— Interest expenses	(2,401)	(373)	—	—	(2,774)	—	—	(2,774)
— Fair value gains from FVPL	—	—	—	—	—	—	485	485
As at 31 December 2021	(54,800)	(5,911)	—	—	(60,711)	20,317	4,000	(36,394)

	Liabilities from financing activities					Other assets		
	Borrowings	Lease liabilities	Amounts due to related parties	Payable to shareholders	Sub-total	Cash and cash equivalents	Financial assets at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	(54,800)	(5,911)	—	—	(60,711)	20,317	4,000	(36,394)
Cash flows								
— Proceeds from bank borrowings	(61,273)	—	—	—	(61,273)	—	—	(61,273)
— Repayment of bank borrowings	54,800	—	—	—	54,800	—	—	54,800
— Deemed distribution to shareholders	—	—	27,980	6,769	34,749	—	—	34,749
— Advance from a shareholder of the Company	—	—	(1,447)	—	(1,447)	—	—	(1,447)
— Subscription of financial assets	—	—	—	—	—	—	683,800	683,800
— Redemption of financial assets	—	—	—	—	—	—	(688,553)	(688,553)
— Interest paid for borrowings	2,093	—	—	—	2,093	—	—	2,093
— Other cash flow	—	4,991	—	—	4,991	42,387	—	47,378
Non-cash movement:								
— Additions of right-of-use assets	—	(3,143)	—	—	(3,143)	—	—	(3,143)
— Termination of leases	—	1,954	—	—	1,954	—	—	1,954
— Interest expenses	(2,093)	(265)	—	—	(2,358)	—	—	(2,358)
— Fair value gains from FVPL	—	—	—	—	—	—	753	753
— Deemed distribution to shareholders *(Note 1.2(g))*	—	—	(27,980)	(6,769)	(34,749)	—	—	(34,749)
As at 31 December 2022	(61,273)	(2,374)	(1,447)	—	(65,094)	62,704	—	(2,390)

(c) Non-cash transactions

The cost of leased properties of approximately RMB2,533,000, RMB2,754,000, and RMB3,143,000 (Note 16) were capitalised as the right-of-use assets during the years ended 31 December 2020, 2021 and 2022 respectively.

28 RELATED PARTY TRANSACTIONS

The following is a summary of the transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2020, 2021 and 2022, and balances arising from related party transactions as at 31 December 2020, 2021 and 2022.

(a) Names and relationships with related parties

The following companies and individuals are related parties of the Group that had balances and/or transactions with the Group during the years ended 31 December 2020, 2021 and 2022.

Name of related parties	Relationship with the Group
Mr. Sun	Director and controlling shareholder
Mrs. Sun	Spouse of Mr. Sun
Guangzhou Cema	Associate of the Company
Ningbo Kuwei	Shareholder of Plus (Shanghai) now comprising the Group
Shanghai Puwei	Shareholder of Plus (Shanghai) now comprising the Group

(b) Transactions with related parties

The Group had the following transactions with related parties for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest income received from			
— Mr. Sun	2,857	—	—
Deemed distribution to shareholders *(Note 1.2(g))*			
— Mr. Sun	—	—	22,407
— Ningbo Kuwei	—	—	3,880
— Shanghai Puwei	—	—	1,693
	—	—	27,980

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Research and technical service fees — Guangzhou Cema	(413)	(441)	—

Note: These transactions were conducted in the normal course of business at prices and terms mutually agreed among the parties.

(c) Balances with related parties

Particulars of balances with related parties are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties of the Group			
Mr. Sun *(Note (i))*	—	—	1,447
Guangzhou Cema *(Note (ii))*	17	—	—
	17	—	1,447

(i) As at 31 December 2022, amount due to Mr. Sun is non-trade nature, unsecured, interest-free, repayable on demand and approximate to its fair value. The non-trade amount due to Mr. Sun was waived as shareholder contribution on 31 March 2023.

(ii) As at 31 December 2020, amount due to Guangzhou Cema is trade nature, unsecured, interest-free, repayable based on demand and approximate to its fair value.

(iii) Balances with related parties of the Group are denominated in RMB.

(iv) The maximum outstanding for the amounts due from a director of the Company for the years ended 31 December 2020, 2021 and 2022 were as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Mr. Sun	115,885	—	—

(d) Guarantees for bank borrowings

The Group's bank borrowings were secured by personal guarantees given by related parties as below:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Guarantees			
— Mr. Sun and Mrs. Sun	31,000	54,800	—

The personal guarantees given by Mr. Sun and Mrs. Sun have been discharged in August 2022.

(e) Key management compensation

The directors consider the key management personnel to be the members of the Board of Directors of the Company who have responsibilities for planning, directing and controlling the activities of the Group. Their compensations are disclosed in Note 9(a).

29 SUBSEQUENT EVENTS

(a) Grant of RSUs

On 31 March 2023, the Company granted RSUs with an aggregate of 20,000 underlying shares of the Company, which have been adjusted to 1,000,000 underlying shares of the Company upon completion of the share subdivision (note 29(b)).

(b) Share subdivision

On 4 April 2023, each issued and unissued shares of par value of US$0.01 of the Company was subdivided into 50 shares of par value of US$0.0002 each and, following the subdivision, the authorised share capital of the Company became US$50,000 divided into 250,000,000 shares at a par value of US$0.0002 and the issued share capital shall be US$20,040.08 divided into 100,200,400 shares of par value of US$0.0002 each.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022.