The following is the text of a report set out on pages I-1 to I-[81] received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EDIANYUN LIMITED (FORMERLY KNOWN AS EDIANZU LIMITED) AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Edianyun Limited (formerly known as Edianzu Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-[3] to I-[81], which comprises the consolidated statements of financial position of the Group as at December 31, 2020, 2021 and 2022, the statements of financial position of the Company as at December 31, 2020, 2021 and 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Historical Financial Information"). The Historical Financial Information set out on pages I-[3] to I-[81] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to Note [14] to the Historical Financial Information which states that no dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period.

[**Deloitte Touche Tohmatsu**]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
	Notes	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	813,148	1,183,749	1,371,889
Cost of sales		(476,103)	(618,527)	(745,346)
Gross profit		337,045	565,222	626,543
Selling and marketing expenses		(119,035)	(181,038)	(164,711)
Research and development expenses		(57,942)	(62,067)	(84,026)
General and administrative expenses		(110,329)	(78,196)	(106,093)
Other income	*7A*	20,696	9,630	48,903
Other gains and losses, net	*7B*	(49,263)	6,181	(15,886)
Gain/(loss) on changes in fair value of financial liabilities at fair value through profit or loss ("FVTPL")	*31.4*	18,609	(416,358)	(702,170)
Impairment losses under expected credit loss ("ECL") model, net of reversal	*8*	(32,155)	(30,531)	(51,113)
[**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Finance costs	*9*	(95,342)	(146,237)	(169,595)
Loss before tax		(87,716)	(351,023)	(646,265)
Income tax (expense)/credit	*10A*	(728)	2,778	34,658
Loss and total comprehensive expense for the year	*11*	(88,444)	(348,245)	(611,607)
Loss per share				
– Basic (RMB Yuan)	*13*	(0.79)	(2.95)	(5.19)
– Diluted (RMB Yuan)		(0.79)	(2.95)	(5.19)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Rental computer devices	*15*	1,236,476	1,616,011	1,456,992
Right-of-use assets	*16*	113,587	410,045	495,220
Intangible assets		63	1,059	649
Trade and other receivables and prepayments	*18A*	130,870	237,277	220,442
Pledged bank deposits and time deposits	*22*	81,681	33,000	45,504
Deferred tax assets	*10B*	–	4,450	39,182
Other non-current assets		7	–	–
Total non-current assets		1,562,684	2,301,842	2,257,989
Current assets				
Inventories	*17*	4,466	3,888	3,929
Contract costs		–	–	1,337
Trade and other receivables and prepayments	*18A*	111,575	159,623	214,118
Debt instruments at fair value through other comprehensive income	*18B*	–	34,850	–
Amounts due from shareholders	*19A*	5	41	41
Structured deposits	*20*	32,015	32,009	–
Cash and cash equivalents	*21*	725,366	542,568	505,803
Pledged bank deposits and time deposits	*22*	73,808	35,439	54,376
Total current assets		947,235	808,418	779,604
Total assets		2,509,919	3,110,260	3,037,593
Equity				
Paid-in capital/share capital	*27*	667	43	43
Reserves		70,484	80,397	97,496
Accumulated losses		(1,047,079)	(1,395,690)	(2,007,887)
Total deficits		(975,928)	(1,315,250)	(1,910,348)
Liabilities				
Non-current liabilities				
Borrowings	*25*	346,079	383,550	320,586
Deferred tax liabilities	*10B*	–	827	–
Lease liabilities	*16*	47,457	124,557	103,362
Bond payable	*26*	–	11,250	–
Financial liabilities at FVTPL	*24*	–	2,282,188	2,984,358
Total non-current liabilities		393,536	2,802,372	3,408,306
Current liabilities				
Trade and other payables	*23*	94,581	163,682	188,563
Amounts due to preferred shareholders	*19D*	159,675	–	–
Amounts due to shareholders	*19F*	–	1,779	1,841
Deposits received for rental computer devices		16,148	12,755	12,032
Advance lease payments		16,152	30,330	51,285
Contract liabilities		4,073	7,715	12,385
Income tax payable		2,288	3,015	3,838
Borrowings	*25*	894,785	1,221,780	1,072,717
Lease liabilities	*16*	47,151	167,194	185,934
Bond payable	*26*	–	14,888	11,040
Financial liabilities at FVTPL	*24*	1,857,458	–	–
Total current liabilities		3,092,311	1,623,138	1,539,635
Total liabilities		**3,485,847**	**4,425,510**	**4,947,941**
Total deficits and liabilities		**2,509,919**	**3,110,260**	**3,037,593**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
	Notes	2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current asset				
Investments in subsidiaries	*35*	825,388	1,248,474	1,844,750
Total non-current asset		825,388	1,248,474	1,844,750
Current assets				
Prepayments and deferred issue costs	*18A*	–	4,307	3,707
Amounts due from subsidiaries	*19C*	91,711	–	–
Amounts due from shareholders	*19A*	5	2,968	41
Amounts due from preferred shareholders	*19B*	–	549,734	–
Cash and cash equivalents	*21*	368,005	87,417	43,791
Pledged bank deposits	*22*	47,632	–	–
Total current assets		507,353	644,426	47,539
Total assets		1,332,741	1,892,900	1,892,289
Equity				
Share capital	*27*	–	43	43
Reserves	*28*	70,484	81,143	97,652
Accumulated losses		(653,105)	(1,083,605)	(1,865,931)
Total deficits		(582,621)	(1,002,419)	(1,768,236)
Liabilities				
Non-current liability				
Financial liabilities at FVTPL	*24*	–	2,282,188	2,984,358
Total non-current liability		–	2,282,188	2,984,358
Current liabilities				
Accrued [**REDACTED**] expenses and [**REDACTED**] costs	*23*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Amounts due to subsidiaries	*19E*	–	603,858	669,645
Amounts due to preferred shareholders	*19D*	134,003	–	–
Financial liabilities at FVTPL	*24*	1,781,359	–	–
Total current liabilities		1,915,362	613,131	676,167
Total liabilities		**1,915,362**	**2,895,319**	**3,660,525**
Total deficits and liabilities		**1,332,741**	**1,892,900**	**1,892,289**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital/ share capital	Share premium	Share-based payments reserve	Statutory reserve	Capital reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	667	–	7,950	–	–	–	(958,635)	(950,018)
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(88,444)	(88,444)
Recognition of equity-settled share-based payments *(Note 29)*	–	–	62,529	–	–	–	–	62,529
Others	–	–	–	–	–	5	–	5
As at December 31, 2020	667	–	70,479	–	–	5	(1,047,079)	(975,928)
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(348,245)	(348,245)
Recognition of equity-settled share-based payments *(Note 29)*	–	–	7,739	–	–	–	–	7,739
Transfer to statutory reserve	–	–	–	366	–	–	(366)	–
Exercise of share options	548	11,385	(1,484)	–	–	–	–	10,449
Effect from the Reorganisation *(as defined in Note 2)*	(667)	–	–	–	(1,112)	–	–	(1,779)
Issuance of ordinary shares of the Company pursuant to the Reorganisation	43	3,530	(605)	–	–	(5)	–	2,963
Repurchase of ordinary shares of Beijing Ediantao *(as defined in Note 1)*	(548)	(11,385)	1,484	–	–	–	–	(10,449)
As at December 31, 2021	43	3,530	77,613	366	(1,112)	–	(1,395,690)	(1,315,250)
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(611,607)	(611,607)
Recognition of equity-settled share-based payments *(Note 29)*	–	–	16,509	–	–	–	–	16,509
Transfer to statutory reserve	–	–	–	590	–	–	(590)	–
As at December 31, 2022	43	3,530	94,122	956	(1,112)	–	(2,007,887)	(1,910,348)

Notes:

1. In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the Accounting Standards for Business Enterprises and Financial Regulations applicable in the PRC to a statutory reserve until the balance of such fund has reached 50% of the registered capital of the respective subsidiaries. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.

2. Capital reserve comprises the difference between the then paid in capital of Beijing Ediantao after repurchase of ordinary shares and the consideration paid by Edianzu HK (as defined in Note 1) to Ji Peng Cheng and Zhang Bin, co-founders and the executive directors of the Company as set out in Note 2 resulting from the Reorganisation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Operating activities			
Loss before tax	(87,716)	(351,023)	(646,265)
Adjustments for:			
Depreciation of rental computer devices	198,124	251,729	308,620
Depreciation of right-of-use assets	22,851	50,059	87,669
Amortisation of intangible assets	95	234	410
Amortisation of other non-current assets	9	7	–
Impairment loss under ECL model, net of reversal	32,155	30,531	51,113
Interest income from trade receivables under installment sales	(6,583)	(7,060)	(5,096)
Exchange loss/(gain)	2,882	15,868	(2,262)
Finance costs	95,342	146,237	169,595
Loss/(gain) on changes in fair value of financial assets at FVTPL	3,178	(457)	(911)
(Gain)/loss on changes in fair value of financial liabilities at FVTPL	(18,609)	416,358	702,170
Share-based payment expense	62,529	7,739	16,509
(Gain)/loss on termination of lease contract	(157)	1,814	–
Operating cash flows before movements in working capital	304,100	562,036	681,552
Decrease/(increase) in inventories	2,665	578	(41)
Increase in contract costs	–	–	(1,337)
(Increase)/decrease in trade and other receivables and prepayments	(78,343)	(12,144)	99,988
(Increase)/decrease in debt instruments at fair value through other comprehensive income	–	(34,850)	34,850
Increase in rental computer devices	(672,516)	(774,269)	(164,930)
Increase/(decrease) in trade and other payables	167,452	37,251	(79,357)
Increase/(decrease) in deposits received for rental computer devices	1,690	(3,393)	(723)
Increase in contract liabilities	1,255	3,642	4,670
Increase in advance lease payments	5,215	14,178	20,955
Cash (used in)/generated from operations	(268,482)	(206,971)	595,627
Income taxes paid	(27)	(118)	(78)
Net cash (used in)/from operating activities	(268,509)	(207,089)	595,549

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Investing activities			
Purchases of intangible assets and other non-current assets	–	(1,230)	–
Decrease in amounts due from shareholders	8,089	–	–
Purchases of financial assets at FVTPL	(10,058)	–	–
Purchases of structured deposits	(32,000)	(64,000)	(32,000)
Withdrawal of structured deposits	–	64,463	64,920
Proceeds from disposal of financial assets at FVTPL	6,865	–	–
Placement of pledged bank deposits and time deposits	(140,274)	(42,001)	(42,441)
Withdrawal of pledged bank deposits and time deposits	137,587	129,051	11,000
Net cash (used in)/from investing activities	(29,791)	86,283	1,479
Financing activities			
Proceeds from bank and other borrowings	1,670,845	2,268,911	1,541,315
Repayments of bank and other borrowings	(1,280,340)	(1,904,445)	(1,755,771)
Proceeds from issue of bond	–	29,751	–
Repayment of bond payable	–	(3,750)	(15,000)
Proceeds from exercise of warrants	–	29,000	–
Proceeds from issue of convertible bonds	351,513	–	–
Redemption of preferred shares	(640)	(1,058,119)	–
Proceeds from issue of ordinary shares with preferred rights	–	1,060,589	–
Redemption of ordinary shares with preferred rights	–	(659,416)	(549,734)
Proceeds from issue of preferred shares	–	636,318	549,734
Exercise of share options	–	10,449	–
Repurchase of ordinary shares of Beijing Ediantao	–	–	(7,522)
Advances from preferred shareholders	166,932	–	–
Repayments to preferred shareholders	–	(160,628)	–
Repayments to shareholders	–	–	(1,779)
Advances from shareholders	–	–	1,841
Repayments of leases liabilities	(61,319)	(147,150)	(231,875)
Interest paid	(93,855)	(146,100)	(167,264)
Payment of [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Net cash from/(used in) financing activities	753,136	(47,077)	(636,055)
Net increase/(decrease) in cash and cash equivalents	454,836	(167,883)	(39,027)
Cash and cash equivalents at beginning of year	280,669	725,366	542,568
Effect of foreign exchange rate changes	(10,139)	(14,915)	2,262
Cash and cash equivalents at end of year	725,366	542,568	505,803

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 18, 2015. The address of the Company's registered office is Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of the Company is Yidianyun Building, No. 41, Xixiaokou Road, Haidian District, Beijing, the PRC.

The Company is an investment holding company and the Group is principally engaged in providing office Internet Technology ("IT") integrated solution to small- and medium-sized enterprises in the PRC.

Prior to the incorporation of the Company, the Group commenced operations of providing office IT integrated solution through Beijing Ediantao Internet Technology Co., Ltd. (北京易點淘網絡技術有限公司) ("Beijing Ediantao") in the PRC. On November 18, 2015, the Company was incorporated in the Cayman Islands with an authorised share capital of US dollar ("USD") 50,000, divided into 100,000,000 ordinary shares with a par value of USD0.0005 each.

On December 1, 2015, Edianzu Hong Kong Limited ("Edianzu HK") was established by the Company, as a wholly-owned subsidiary of the Company located in Hong Kong.

On February 2, 2016, Beijing Huaqing Edian Technology Co., Ltd. (北京華清易點科技有限公司) ("Huaqing Edian") was established by Edianzu HK, as a wholly foreign-owned enterprise of the Company located in the PRC.

Contractual Arrangements

The Group conducts a substantial portion of the business through Beijing Ediantao and its subsidiaries (together the "Consolidated Affiliated Entities") in the PRC. On March 8, 2016, the wholly-owned subsidiary of the Company, Huaqing Edian has entered into the contractual arrangements (the "Contractual Arrangements") with the Consolidated Affiliated Entities and their respective equity holders, which enable Huaqing Edian and the Company to:

- expose, or has rights, to variable returns from its involvement with the Consolidated Affiliated Entities and has ability to affect those returns through its power over the Consolidated Affiliated Entities;
- exercise equity holders' controlling voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Huaqing Edian;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at a consideration of RMB100 or a minimum purchase price permitted under the PRC laws. Huaqing Edian may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Huaqing Edian; and
- obtain a pledge over the entire equity interest of Beijing Ediantao from their equity holders as collateral security for all of Beijing Ediantao's payments due to Huaqing Edian and to secure performance of Beijing Ediantao's obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for accounting purpose. The Company has consolidated the assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities started from March 8, 2016.

From 2015 to 2021, the Company has completed several rounds of investments from third-party investors, for which the Company issued Series A-Angel preferred shares, Series A-1 preferred shares, Series A-2 preferred shares, Series A-3 preferred shares, Series B preferred shares, Series C preferred shares, Series D preferred shares and Series E preferred shares to the relevant investors (the "Pre-[**REDACTED**] Investors").

In January 2021, the Group has terminated the Contractual Arrangements. As advised by the Company's legal advisor, the termination of the Contractual Arrangements was binding among the parties thereto and the Contractual Arrangements has been effectively unwind as at such date.

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

No audited statutory financial statements have been prepared for the Company as it was incorporated in a jurisdiction where there is no statutory audit requirements.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and conventions applicable for group reorganisation.

In preparation for initial [**REDACTED**] of shares of the Company on the Stock Exchange, the entities comprising the Group underwent a group reorganisation (the "Reorganisation") as described below, pursuant to which the Company became the holding company and [**REDACTED**] vehicle of the Group.

The Reorganisation comprised the following steps:

1. Acquisition of Huaqing Edian by Edianzu HK

On August 9, 2021, a third party investor, Able Cloud Hong Kong Limited ("Able Cloud"), Beijing Ediantao and Huaqing Edian entered into a capital injection agreement, pursuant to which Able Cloud agreed to subscribe for 0.15% of the equity interest of Huaqing Edian at a consideration of RMB1,000,000. Upon completion of the above transaction, Huaqing Edian was converted into a sino-foreign equity joint venture and was held as to 99.85% and 0.15% by Beijing Ediantao and Able Cloud, respectively.

On August 20, 2021, Edianzu HK and Beijing Ediantao entered into a share transfer agreement, pursuant to which Beijing Ediantao transferred 99.85% equity interest it held in Huaqing Edian to Edianzu HK for a consideration of USD63,650,000, which is equivalent to the paid-up registered capital of Huaqing Edian contributed by Beijing Ediantao. On August 20, 2021, Edianzu HK and Able Cloud entered into a share transfer agreement, pursuant to which Able Cloud transferred 0.15% equity interest it held in Huaqing Edian to Edianzu HK. Upon completion of the transactions, Huaqing Edian was wholly owned by Edianzu HK.

2. Acquisition of Beijing Ediantao by Edianzu HK

On August 10, 2021, Edianzu HK subscribed 0.9901% of the equity interest in Beijing Ediantao at nominal value. On October 15, 2021, the shares held by the onshore investment vehicles of the Pre-[**REDACTED**] Investors (the "Onshore Pre-[**REDACTED**] Investors") in Beijing Ediantao were repurchased and cancelled by Beijing Ediantao, the consideration for which were equivalent to the initial investment amount paid by each Onshore Pre-[**REDACTED**] Investor. After that, the Pre-[**REDACTED**] Investors (through their respective investment vehicles) have further subscribed for the shares of the Company offshore with approximately the same amount of consideration.

On November 19, 2021, Ji Peng Cheng, Zhang Bin and Edianzu HK entered into a share transfer agreement, pursuant to which Ji Peng Cheng and Zhang Bin transferred all of their equity interests in Beijing Ediantao to Edianzu HK for a consideration of RMB1,779,000 in aggregate. Upon completion of the transaction, Beijing Ediantao was wholly owned by Edianzu HK.

The Group's onshore incentive platforms included nine limited partnerships beneficially owned by the Group's current and past employees and advisors. It served as an onshore incentive shareholding platform of the Company before the Reorganisation. Such onshore incentive platforms have ceased to hold any interests in Beijing Ediantao upon completion of the Reorganisation, which have been reflected in the Company offshore.

3. Issuance of Shares to the Pre-[REDACTED] Investors to substantially reflect their shareholdings in Beijing Ediantao

On October 12, 2021, the Company and the Pre-[**REDACTED**] Investors entered into the offshore shares purchase agreement, pursuant to which the Company issued, and the Pre-[**REDACTED**] Investors, through their respective offshore investment vehicles, subscribed for the shares in the Company to substantially reflect their respective rights, obligations and shareholdings in Beijing Ediantao held by their onshore investment vehicles.

Upon the completion of the Reorganisation, the Company became the holding Company of the operating entities which are undertaking the business of the Group. Prior to the completion of the Reorganisation, the Company does not involve in any other business and the Reorganisation has not resulted in any change of management of such business and the ultimate owners of the business remain the same.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results, changes in equity and cash flows of the companies which are under the same ownership of the ultimate shareholders and now comprising the Group as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of establishment, whichever is a shorter period.

The consolidated statement of financial position of the Group as at December 31, 2020, have been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date.

As at December 31, 2020, 2021 and 2022, the Group had net current liabilities of RMB2,145,076,000, RMB814,720,000 and RMB760,031,000, net liabilities of RMB975,928,000, RMB1,315,250,000 and RMB1,910,348,000 and accumulated losses of RMB1,047,079,000, RMB1,395,690,000 and RMB2,007,887,000 respectively. The Group assesses its liquidity by its ability to generate cash from operating activities and attract additional capital and/or finance funding. Historically, the Group has relied principally on financing from investors (e.g. convertible preferred shares), banks and other financial institutions to fund its operations and business development.

The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenue while controlling operating expenses, as well as generating operational cash flows and continuing to gain support from banks and other financial institutions.

The convertible preferred shares shall automatically be converted into ordinary shares upon the [**REDACTED**]. The details of these convertible preferred shares are set out in Note 24. Under any circumstances, no significant cash flow impact is expected in the next twelve months from the end of the reporting period for the convertible preferred shares.

Based on the above considerations, the Group's historical performance and management's operating and financing plans, the Group has performed a working capital forecast for the next twelve months. Taking into account the convertible preferred shares are not expected to be redeemed in the next twelve months from the end of the reporting period and the financial resources available to the Group, including cash and cash equivalents on hand, operating and financing cash flows, the directors of the Company believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the end of the reporting period. The directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED IFRSs

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

New and amendments to IFRSs in issue but not yet effective

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

Standards/Amendments	Content	Effective for annual periods beginning on or after
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

As at December 31, 2021 and 2022, the Group's outstanding convertible preferred shares include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The Group classified convertible preferred shares as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible preferred shares were designated as at FVTPL with carrying amount of RMB2,282,188,000 and RMB2,984,358,000 as at December 31, 2021 and 2022, respectively, and were classified as non-current as the redemption rights of these convertible preferred shares were suspended in October 2021 and further suspended in December 2022 as detailed in Note 24. Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible preferred shares. Given that the convertible options are exercisable anytime, the convertible preferred shares designated as at FVTPL amounting to RMB2,282,188,000 and RMB2,984,358,000 as at December 31, 2021 and 2022, respectively, would be reclassified to current liabilities as the holders have the option to convert within twelve months.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities as at December 31, 2020, 2021 and 2022.

Except for the amendments to IFRSs mentioned above, the directors of the Company anticipate that the application of other new and amendments to IFRSs will have no material impact on the Group's financial position and performance and/or the disclosures to the financial statements when they become effective.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group's revenue from sale of devices is recognised at a point in time while revenue relating to the provision of software-as-a-service and other services is recognised over time.

For the software-as-a-service and other services, the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

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

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a service contract of software development. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

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

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use assets are transferred to rental computer devices.

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

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group's contracts with customers for providing office IT integrated solution which contains hardware and service are within the scope of IFRS16 and all income earned is recognised as lease income and presented as revenue as it is derived from the Group's ordinary course of business.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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

Government grants

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

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

Retirement benefits costs

Payments to the state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payments

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 fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve. When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

When new equity instruments are granted to the employee in connection with the cancellation of existing equity instruments, the Group determined whether the new equity instruments granted are replacement equity instruments for the cancelled equity instruments. If new equity instruments are identified, on the date when they are granted, as replacement equity instruments for the cancelled equity instruments, in which case they are accounted for as a modification of the original equity instruments. If the Group does not identify new equity instruments granted as replacement equity instruments for those cancelled, the new equity instruments are accounted for as a new grant.

Taxation

Income tax expense represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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

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

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

Rental computer devices

Rental computer devices are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Rental computer devices are depreciated over the estimated useful life on a straight line basis. The Group also estimates the residual value of the rental computer devices at the expected time of disposal. The Group makes use of currently available market information and the estimated residual values for rental computer devices are based on factors including model and age.

The Group makes periodic adjustments to the depreciation rates of rental computer devices in response to the latest market conditions and their effect on residual values as well as the estimated time of disposal. Such adjustments are accounted for as changes in accounting estimates.

Rental computer devices are transferred to inventories at their carrying amount when they cease to be rented and become held for sale, as the Group routinely sells rental computer devices to others.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group's intangible assets as at December 31, 2020, 2021 and 2022 mainly included software which are amortised on a straight-line basis over 2 years.

Research and development expenditure

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

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

Impairment on rental computer devices, right-of-use assets, contract costs and intangible assets

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

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

(b) cash equivalents, which comprise short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories comprise used rental computer devices for sale and spare parts of computer devices and are stated at the lower of cost and net realisable value. Cost of used rental computer devices for sale is calculated on specific identification basis. Cost of spare parts are based on purchase costs and are determined by the weighted average method. Net realizable value represents the estimated selling price in ordinary course of business less the estimated costs of completion and necessary costs to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

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

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL

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

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

Impairment of financial assets and other item subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables arising from contracts with customers, debt instruments at FVTOCI, other receivables, amounts due from shareholders, cash and cash equivalents and pledged bank deposits and time deposits) and other item (lease receivables included in trade receivables), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables arising from contracts with customers and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and credit impaired and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

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

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

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

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

Except for debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of debt instruments classified as at FVTOCI, the cumulative gain or loss previously accumulated in reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to preferred shareholders, amounts due to shareholders, deposits received for rental computer devices, bond payable and borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

Preferred Shares (as defined in Note 24) and convertible bonds, which contain redemption features and other embedded derivatives, are designated as financial liabilities at FVTPL. The amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of Preferred Shares and convertible bonds is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Fair values of Preferred Shares, warrants and convertible bonds are determined in the manner as described in Note 24.

Derecognition/modification of financial liabilities

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

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

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

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

Derivative financial instruments

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

Embedded derivatives

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

Contractual Arrangements

During the Track Record Period, the Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The directors of the Company assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the directors of the Company concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the Consolidated Affiliated Entities during the Track Record Period.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors of the Company, based on the advice of its legal advisor, consider that the Contractual Arrangements among Huaqing Edian, the Consolidated Affiliated Entities and their equity holders are in compliance with the relevant PRC Laws and are legally enforceable.

In January 2021, the Group has terminated the Contractual Arrangements. As advised by the Company's legal advisor, the termination of the Contractual Arrangements was binding among the parties thereto and the Contractual Arrangements has been effectively unwind as at such date.

Key sources of estimation uncertainty

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

Fair value of Preferred Shares, warrants and convertible bonds

The Group has issued a series of Preferred Shares, warrants and convertible bonds prior to and during the Track Record Period as set out in Note 24. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include discounted cash flow and equity allocation based on Black-Scholes option pricing model involving various parameters and inputs to arrive at the fair value of Preferred Shares, warrants and convertible bonds at the end of each reporting period. Valuation techniques adopted by an independent qualified professional valuer are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company as assessed by the directors of the Company, possibilities under different scenarios, such as listing, redemption and liquidation, and other inputs, such as risk-free interest rate, expected volatility and discount for lack of marketability, require management estimates. The estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair values of Preferred Shares, warrants and convertible bonds of the Group at December 31, 2020, 2021 and 2022 are set out in Note 24.

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are assessed collectively using a provision matrix. The provision rates are based on aging of debtors through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 31.

Deferred tax assets

As at December 31, 2020, 2021 and 2022, deferred tax assets of RMB7,923,000, RMB26,131,000 and RMB86,653,000, respectively in relation to unused tax losses and deductible temporary differences for certain subsidiaries have been recognised in the consolidated statements of financial position. The Group recognised the deferred tax asset to the extent that these entities will have sufficient taxable profit in the future. No deferred tax asset has been recognised in relation to unused tax losses amounting to RMB188,319,000, RMB185,220,000 and RMB81,050,000 and deductible temporary differences amounting to RMB81,688,000, RMB4,079,000 and RMB5,854,000 as at December 31, 2020, 2021 and 2022, respectively, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a change takes place.

6. REVENUE AND SEGMENT INFORMATION

The Group's principal business is engaged in providing office IT integrated solution and other services to its customers.

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment.

As the Group's non-current assets are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented. During the Track Record Period, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Pay-as-you-go* office IT integrated solution revenue recognised as lease income under IFRS 16	643,345	997,895	1,165,159
Sales of devices	157,255	172,661	193,461
Software-as-a-Service ("SaaS") and others	12,548	13,193	13,269
Total	813,148	1,183,749	1,371,889

* Pay-as-you-go described the subscription method of the Group where customers can subscribe and unsubscribe for the office IT integrated solution which contains hardware and service based on their ever-changing actual needs.

(a) Disaggregation of revenue from contracts with customers

Types of goods or service

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Sales of devices			
Devices	156,370	170,240	190,386
Computer accessories	885	2,421	3,075
Total	157,255	172,661	193,461
Saas and others			
SaaS	5,264	3,307	5,629
Other services	7,284	9,886	7,640
Total	12,548	13,193	13,269

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition			
A point in time	157,255	172,661	193,461
Over time	12,548	13,193	13,269
Total	169,803	185,854	206,730

(b) Performance obligations for contracts with customers

Sales of devices

The Group sells devices and computer accessories directly to customers through internet sales.

Revenue is recognised when the customer obtains control of the goods, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as contract liabilities until the goods have been delivered to the customer.

SaaS and others

The SaaS services arise from the Group's self-developed "Epandian" system which is designed to provide SaaS to enterprise customers in managing their assets and inventories.

Other services mainly include the maintenance support and assistance to customers of the Group.

The performance obligation is satisfied over time as services are rendered, which is measured based on output method. Short term advances are normally required before rendering the services. Services provided are for periods of one year or less, and are billed based on the time incurred.

(c) Transaction price allocated to the remaining performance obligations for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

(d) Pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
For operating leases:			
Lease payments that are fixed	643,345	997,895	1,165,159

The Group leases out self-owned or leased-in computer devices under the pay-as-you-go subscription method, which affords customers the freedom of subscribing for a flexible term, generally on a monthly basis, or up to three years, at a monthly fixed fee subject to termination penalties. Subscription deposits are waived as long as the enterprise customer met the required credit information and passed the Group's internal risk assessment. Monthly payments are automatically withdrawn on the payment dates from the customers' accounts. The Group normally grant a credit period up to 5 days after the issuance of billing to customers.

7A. OTHER INCOME

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from banks	11,763	1,767	6,561
Interest income from trade receivable under installment sales	6,583	7,060	5,096
Government grants *(Note i)*	610	181	1,766
Compensation income *(Note ii)*	1,740	622	575
Additional value added tax ("VAT") input deduction *(Note iii)*	–	–	34,905
Total	20,696	9,630	48,903

Notes:

i. Government grants mainly represent subsidies received from local governments in Beijing, Wuhan and Shenzhen for rewarding the innovative activities and subsidizing the job stablization of certain subsidiaries of the Group.

ii. Compensation income represents devices damage compensations paid by the Group's customers.

iii. Additional VAT input deduction were recognised in profit or loss due to the VAT reform. In accordance with Taxation Announcement No. 39 of 2019, the Group is eligible for additional VAT input deduction by 10% of the current period VAT payable from April 1, 2019 to December 31, 2021 and the implementation period was further extended to December 31, 2022 in accordance with Taxation Announcement No. 11 of 2022.

7B. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/gain on changes in fair value of financial assets at FVTPL	(3,178)	457	911
Net exchange (loss)/gain	(33,629)	14,933	6,211
Loss on written-off of rental computer devices *(Note i)*	(12,629)	(6,817)	(22,811)
Gain/(loss) on termination of lease contract	157	(1,814)	–
Others	16	(578)	(197)
Total	(49,263)	6,181	(15,886)

Note:

i. For the customers with six months overdue billings, the Group ceases to recognise revenue and recognises loss on written-off of rental computer devices held by the customers, which the management of the Group believed are unable to be recovered.

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

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses, net of reversal, recognised on:			
Trade receivables	32,192	30,380	51,066
Other receivables	(37)	151	47
Total	32,155	30,531	51,113

9. FINANCE COSTS

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	87,022	124,205	131,325
Interest on lease liabilities	8,320	21,895	37,234
Interest on bond payable	–	137	1,036
Total	95,342	146,237	169,595

10A. INCOME TAX EXPENSE/(CREDIT)

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current enterprise income tax	728	845	901
Deferred tax	–	(3,623)	(35,559)
Total	728	(2,778)	(34,658)

Cayman Islands

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

Hong Kong

The Company's subsidiaries domiciled in Hong Kong are subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since April 1, 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. To avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Beijing Ediantao has been accredited as a "New and High Technical Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities in October 2019 for a term of three years from 2019 to 2021 and renewed the certificate in December 2022 for another term of three years from 2022 to 2024. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", New and High Technical Enterprise is subject to income tax at a tax rate of 15%.

Certain subsidiaries have been approved as Small Low-profit Enterprise. The entitled subsidiaries are subject to a preferential income tax rate of 10% up to December 31, 2022.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2023.

The State Taxation Administration of the PRC announced in September 2022 that enterprises accredited as "New and High Technical Enterprise" would be entitled to claim 100% of the purchase price for equipment and appliances newly purchased during the period from October 1, 2022 to December 31, 2022 as tax deductible expenses and 100% additional deduction for the year ended December 31, 2022.

Withholding tax on undistributed dividends

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise (the "FIE") to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the FIE satisfies the criteria for "beneficial owner" under Circular No. 9, which was issued by the State Taxation Administration in February 2018, and the foreign investor owns directly at least 25% of the shares of the FIE). The Company did not record any withholding tax on any profits generated by the PRC operating entities, as the Company intends to reinvest its profits in China to further expand its business in China, and its FIEs do not intend to declare dividends on the retained earnings to their immediate foreign holding companies.

The income tax expense/(credit) for the Track Record Period can be reconciled to loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(87,716)	(351,023)	(646,265)
Tax at PRC statutory income tax rate of 25%	(21,929)	(87,756)	(161,566)
Tax effect of expenses that are not deductible for tax purpose net of income not subject to tax *(Note i)*	32,419	116,417	187,222
Tax effect of Super Deduction for research and development expenses	(7,998)	(10,888)	(14,654)
Tax effect of additional deduction for purchase of devices	–	–	(26,500)
Tax effect of utilisation of tax losses and deductible temporary differences previously not recognised	(23,087)	(6,094)	(513)

	Year ended December 31, 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Recognition of deferred tax assets on deductible temporary differences and tax losses previously not recognised	–	(14,851)	(29,271)
Tax effect of tax losses and deductible temporary differences not recognised	20,600	767	4,185
Withholding tax of interest income *(Note ii)*	1,816	290	–
Effect on different tax rate of subsidiaries	(1,093)	(663)	6,439
	728	(2,778)	(34,658)

Notes:

i. The amounts mainly consist of gain/(loss) on changes in fair value of financial liabilities at FVTPL and expenses related to the share options granted.

ii. The withholding tax was imposed on interest income arising from the cash and cash equivalents, pledged bank deposits held by the Company deposited in the banks of Mainland China.

10B. DEFERRED TAX ASSETS/(LIABILITIES)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting:

	As at December 31, 2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	–	4,450	39,182
Deferred tax liabilities	–	(827)	–
Total	–	3,623	39,182

The followings are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Leases	Accelerated tax depreciation	Tax losses	ECL provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	–	–	–	–	–
(Charge)/credit to profit or loss	–	(7,923)	7,923	–	–
At December 31, 2020	–	(7,923)	7,923	–	–
(Charge)/credit to profit or loss	(16,945)	2,360	1,449	16,759	3,623
At December 31, 2021	(16,945)	(5,563)	9,372	16,759	3,623
(Charge)/credit to profit or loss	(12,721)	(12,242)	53,305	7,217	35,559
At December 31, 2022	(29,666)	(17,805)	62,677	23,976	39,182

At December 31, 2020, 2021 and 2022, the Group had deductible temporary differences of approximately RMB81,688,000, RMB115,805,000 and RMB165,695,000, respectively, among which nil, RMB111,726,000 and RMB159,841,000 deductible temporary differences were recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining deductible temporary differences amounting to RMB81,688,000, RMB4,079,000 and RMB5,854,000, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at December 31, 2020, 2021 and 2022, the Group had estimated unused tax losses of approximately RMB241,137,000, RMB235,827,000 and RMB420,841,000, respectively, available for offset against future profits, among which RMB52,818,000, RMB50,607,000 and RMB339,791,000 unused tax losses were recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining tax losses amounting to RMB188,319,000, RMB185,220,000 and RMB81,050,000 as at December 31, 2020, 2021 and 2022, respectively, due to the unpredictability of future profit streams. As at December 31, 2020, 2021 and 2022, tax losses incurred by subsidiaries in the PRC of RMB177,140,000, RMB146,281,000 and RMB42,111,000 will expire in the next five years, tax losses of RMB11,179,000, RMB38,939,000 and RMB38,939,000 incurred by the subsidiaries in Hong Kong not yet confirmed by the Hong Kong Inland Revenue Department may be carried forward indefinitely.

11. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cost of pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16	331,644	457,546	524,873
Cost of sales of devices	142,429	157,974	218,706
Cost of SaaS and others	2,030	3,007	1,767
Promotion and advertising expenses	17,078	20,035	5,499
Employee benefit expenses (including directors' emoluments as set out in Note 12)			
– Salaries, allowances and benefits	211,979	243,166	260,775
– Retirement benefits	7,950	39,577	49,719
– Share-based payments *(Note 29)*	62,529	7,739	16,509
Total employee benefit expenses	282,458	290,482	327,003
Expenses related to short-term leases	1,087	2,883	4,669
Depreciation of other right-of-use assets	11,580	16,331	26,282
Amortisation of intangible assets	95	234	410
Auditor's remuneration	387	412	–

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive's emoluments

Directors' and chief executive's remuneration (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) for the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

(a) The remuneration of directors and chief executive is set out below:

	For the year ended December 31, 2020					
	Salaries and other allowances	Fee	Retirement benefits scheme contributions	Discretionary bonuses	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Note i*)	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Ji Peng Cheng (Chief Executive Officer) (*Note ii*)	268	–	40	500	33,051	33,859
Mr. Zhang Bin (*Note iii*)	268	–	40	500	22,034	22,842
Mr. Zheng Tao (*Note viii*)	268	–	40	93	1,187	1,588
	804	–	120	1,093	56,272	58,289
Non-executive directors:						
Mr. Xiao Min (*Note iv*)	–	–	–	–	–	–
Mr. Cheng Tian (*Note iv*)	–	–	–	–	–	–
Mr. Huang Yu (*Note iv*)	–	–	–	–	–	–
Mr. Ding Boran (*Note v*)	–	–	–	–	–	–
Mr. Chang Kaisi (*Note vi*)	–	–	–	–	–	–
Mr. Tian Wenkai (*Note vii*)	–	–	–	–	–	–
	–	–	–	–	–	–
Total	804	–	120	1,093	56,272	58,289

	For the year ended December 31, 2021					
	Salaries and other allowances	Fee	Retirement benefits scheme contributions	Discretionary bonuses	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Note i*)	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Ji Peng Cheng (Chief Executive Officer) (*Note ii*)	940	–	104	650	–	1,694
Mr. Zhang Bin (*Note iii*)	835	–	104	650	–	1,589
Mr. Zheng Tao (*Note viii*)	816	–	104	188	563	1,671
Mr. Xiang Zheng (*Note viii*)	456	–	44	151	827	1,478
	3,047	–	356	1,639	1,390	6,432

	For the year ended December 31, 2021					
	Salaries and other allowances	**Fee**	**Retirement benefits scheme contributions**	**Discretionary bonuses**	**Share-based payments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Note i)*	*RMB'000*	*RMB'000*
Non-executive directors:						
Mr. Xiao Min *(Note iv)*	–	–	–	–	–	–
Mr. Cheng Tian *(Note iv)*	–	–	–	–	–	–
Mr. Huang Yu *(Note iv)*	–	–	–	–	–	–
Mr. Chang Kaisi *(Note vi)*	–	–	–	–	–	–
Mr. Tian Wenkai *(Note vii)*	–	–	–	–	–	–
	–	–	–	–	–	–
Total	3,047	–	356	1,639	1,390	6,432

	For the year ended December 31, 2022					
	Salaries and other allowances	**Fee**	**Retirement benefits scheme contributions**	**Discretionary bonuses**	**Share-based payments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Note i)*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Ji Peng Cheng (Chief Executive Officer) *(Note ii)*	654	–	114	155	–	923
Mr. Zhang Bin *(Note iii)*	654	–	114	155	–	923
Mr. Zheng Tao *(Note viii)*	891	–	114	245	760	2,010
Mr. Xiang Zheng *(Note viii)*	1,304	–	114	309	2,062	3,789
	3,503	–	456	864	2,822	7,645
Non-executive director:						
Mr. Chang Kaisi *(Note vi)*	–	–	–	–	–	–
	–	–	–	–	–	–
Total	3,503	–	456	864	2,822	7,645

Notes:

i. Discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

ii. Appointed as executive director and Chief Executive Officer of the Company commenced from November 18, 2015.

iii. Appointed as executive director of the Company commenced from November 18, 2015.

iv. Appointed as non-executive director of the Company commenced from March 8, 2016, and resigned from directorship on October 12, 2021.

v. Appointed as non-executive director of the Company commenced from November 29, 2016, and resigned from directorship on November 28, 2020.

vi. Appointed as non-executive director of the Company commenced from February 13, 2018, and resigned from directorship on February 11, 2022.

vii. Appointed as non-executive director of the Company commenced from November 28, 2020, and resigned from directorship on October 12, 2021.

viii. Mr. Zheng Tao and Mr. Xiang Zheng were appointed as executive directors of the Company commenced from February 25, 2022.

ix. Mr. Hong Weili, Mr. Song Shiji, Mr. Wang Jingbo and Ms. Li Dan were appointed as independent non-executive directors on February 25, 2022 and will take effect on [●], 2023.

(b) Benefits and interests of directors

Except for the emoluments disclosed above, there is no other benefits offered to the directors.

(c) Directors' termination benefits

No director's termination benefit subsisted at the end of the period or at any time during the Track Record Period.

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

No consideration provided to third parties for making available director's services subsisted at the end of the period or at any time during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favor of directors, their controlled bodies and connected entities

No loans, quasi-loans and other dealings in favor of directors, their controlled bodies corporate and connected entities subsisted at the end of the period or at any time during the Track Record Period.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the Track Record Period.

Five highest paid employees

The five highest paid employees of the Group included three, one and one directors for the years ended December 31, 2020, 2021 and 2022, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining two, four and four highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits	1,071	3,199	4,055
Retirement benefits	59	392	454
Discretionary bonuses	191	988	973
Share-based payments	1,765	1,958	6,456
Total	3,086	6,537	11,938

The number of the highest paid employees who are neither directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	Number of employees Year ended December 31,		
	2020	**2021**	**2022**
Emoluments bands in Hong Kong Dollars ("HKD")			
HKD1,500,001 to HKD2,000,000	1	3	–
HKD2,000,001 to HKD2,500,000	1	1	–
HKD2,500,001 to HKD3,000,000	–	–	1
HKD3,000,001 to HKD3,500,000	–	–	1
HKD3,500,001 to HKD4,000,000	–	–	2
Total	2	4	4

During the Track Record Period, no emoluments were paid by the Group to any of the executive directors, or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive has waived any emoluments during the Track Record Period.

13. LOSS PER SHARE

	Year ended December 31,		
	2020	**2021**	**2022**
Loss for the year attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	(88,444)	(348,245)	(611,607)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	112,177,945	117,920,720	117,920,720

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that the Reorganisation as disclosed in Note 2 [and share subdivision as described in Note 36] had been effective since January 1, 2020.

Diluted loss per share for the years ended December 31, 2020, 2021 and 2022, did not consider potential ordinary shares, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2020, 2021 and 2022 are the same as basic loss per share of the respective year.

14. DIVIDEND

No dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period.

15. RENTAL COMPUTER DEVICES

	Self-owned
	RMB'000
COST	
At January 1, 2020	1,113,952
Additions	662,737
Exercise of purchase option of leased-in rental computer devices	26,549
Eliminated on disposals and transfers to inventories	(328,914)
At December 31, 2020	1,474,324
Additions	809,295
Exercise of purchase option of leased-in rental computer devices	4,361
Eliminated on disposals and transfer to inventories	(375,771)
At December 31, 2021	1,912,209
Additions	335,221
Exercise of purchase option of leased-in rental computer devices	58,393
Eliminated on disposals and transfer to inventories	(476,809)
At December 31, 2022	1,829,014
DEPRECIATION AND IMPAIRMENT	
At January 1, 2020	207,842
Charge for the year	198,124
Eliminated on disposals and transfers to inventories	(168,118)
At December 31, 2020	237,848
Charge for the year	251,729
Eliminated on disposals and transfers to inventories	(193,379)
At December 31, 2021	296,198
Charge for the year	308,620
Eliminated on disposals and transfers to inventories	(232,796)
At December 31, 2022	372,022
CARRYING AMOUNT	
At December 31, 2020	1,236,476
At December 31, 2021	1,616,011
At December 31, 2022	1,456,992

The above rental computer devices, after taking into account the residual values, are depreciated on a straight-line basis at 14.29%-33.33% per annum.

Rental computer devices with a total carrying value of RMB831,360,000, RMB432,089,000 and RMB932,439,000 as at December 31, 2020, 2021 and 2022, respectively, were pledged as security for certain of the Group's interest-bearing borrowings as well as the associated collection rights of future rental proceeds for rental computer devices with a carrying value of RMB30,205,000, RMB18,189,000 and RMB15,646,000 respectively.

16. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Track Record Period are as follows:

	Buildings and warehouses	Leased-in rental computer devices	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1, 2020	19,546	45,280	64,826
Additions	10,996	89,374	100,370
Transfer to rental computer devices	–	(26,549)	(26,549)
Termination of lease contract	(2,209)	–	(2,209)
Depreciation charge	(11,580)	(11,271)	(22,851)
Carrying amount at December 31, 2020	16,753	96,834	113,587
Additions	37,704	320,801	358,505
Transfer to rental computer devices	–	(4,361)	(4,361)
Termination of lease contract	(7,627)	–	(7,627)
Depreciation charge	(16,331)	(33,728)	(50,059)
Carrying amount at December 31, 2021	30,499	379,546	410,045
Additions	31,718	199,519	231,237
Transfer to rental computer devices	–	(58,393)	(58,393)
Depreciation charge	(26,282)	(61,387)	(87,669)
Carrying amount at December 31, 2022	35,935	459,285	495,220

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	1,087	2,883	4,669
Total cash outflow for leases	70,726	171,928	273,778

The Group leases certain of its buildings and warehouses and computer devices which are negotiated for terms ranging from 13 months to 96 months. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term or from commencement date to the end of the useful life in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term.

The Group assesses whether there are any indicators of impairment for right-of-use assets at the end of each reporting period. No impairment losses were recognised for right-of-use assets during the Track Record Period.

The Group regularly entered into short-term leases for buildings. As at December 31, 2020, 2021 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the Track Record Period are as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	59,481	94,608	291,751
New leases	98,812	350,106	229,420
Accretion of interest recognised	8,320	21,895	37,234
Payments	(69,639)	(169,045)	(269,109)
Termination of lease contract	(2,366)	(5,813)	–
Carrying amount at the end of the year	94,608	291,751	289,296
Analysed as:			
Non-current	47,457	124,557	103,362
Current	47,151	167,194	185,934
Total	94,608	291,751	289,296

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Present value of lease liabilities			
– within one year	47,151	167,194	185,934
– Within a period of more than one year but not exceeding two years	39,870	104,434	71,354
– Within a period of more than two years but not exceeding five years	7,587	20,123	28,222
– Within a period of more than five years but not exceeding ten years	–	–	3,786
Total	94,608	291,751	289,296

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

	As at December 31,		
	2020	**2021**	**2022**
	%	%	%
Incremental borrowing rates	5.5-13.2	5.5-13.2	4.07-13.4

All leases are entered at fixed rates.

As at December 31, 2020, 2021 and 2022, lease obligations were denominated in RMB.

17. INVENTORIES

Inventories consist of the following:

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Raw material	2,436	14	11
Used rental computer devices held for sale	2,030	3,874	3,918
Total	4,466	3,888	3,929

18A. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
(a) Trade receivables			
Trade receivables – Pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16	97,145	151,734	188,748
Trade receivables – contracts with customers	126,502	138,259	133,638
Less: allowance for credit losses	(81,120)	(111,500)	(159,568)
Subtotal	142,527	178,493	162,818
Analysed as:			
Current assets	63,775	115,294	115,024
Non-current assets	78,752	63,199	47,794
(b) Other receivables and prepayments			
Staff advances	576	844	552
Advance to suppliers	11,492	20,772	21,677
Recoverable VAT	31,387	21,026	13,960
Prepayments for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deferred [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Rental and other deposits	52,118	168,956	228,182
Others	4,420	2,728	3,975
Less: allowance for credit losses	(75)	(226)	(273)
Subtotal	99,918	218,407	271,742
Analysed as:			
Current assets	47,800	44,329	99,094
Non-current assets	52,118	174,078	172,648
Analysed as:			
Total current portion	111,575	159,623	214,118
Total non-current portion	130,870	237,277	220,442

As at January 1, 2020, trade receivables from contracts with customers amounted to RMB85,933,000.

The following is an aged analysis of trade receivables, net of impairment losses under ECL model, presented based on the date of billing issued to customers at the end of each reporting period.

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 30 days	128,129	167,702	149,959
31 to 60 days	10,013	6,516	3,529
61 to 90 days	1,804	1,489	1,932
91 to 180 days	1,356	1,532	2,962
181 to 270 days	622	814	1,263
271 to 360 days	116	362	1,216
Over 360 days	487	78	1,957
	142,527	178,493	162,818

The Group granted a credit period up to 5 days after the issuance of billing to customers.

As at December 31, 2020, 2021 and 2022, included in the Group's trade receivables balance before impairment losses under ECL model are debtors with aggregate carrying amount of RMB94,890,000, RMB120,309,000 and RMB164,544,000, respectively, which are past due 30 days and considered as default.

Details of impairment assessment of trade receivables and other receivables are set out in Note 31.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deferred [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	–	–	38
Total	–	4,307	3,707

18B. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	–	34,850	–

As at December 31, 2020, 2021 and 2022, commercial acceptance bills amounting to nil, RMB34,850,000 and nil of the Group were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see Note 25).

As at December 31, 2020, 2021 and 2022, bank acceptance bills amounting to nil, RMB15,000,000 and nil of the Group were transferred to banks by discounting on a full recourse basis. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to those bills receivable. Accordingly, it has derecognised the full carrying amounts of the bills receivable. The maximum exposure to loss from the Group's continuing involvement in the derecognised bills receivable and the undiscounted cash flows to repurchase these derecognised bills receivable equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the derecognised bills receivable are not significant.

19A. AMOUNTS DUE FROM SHAREHOLDERS

The Group

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand and the shareholders are also the directors of the Company. In the opinion of the directors of the Company, the amounts due from shareholders will be settled before the [**REDACTED**] of the Company on the Stock Exchange.

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from shareholders	5	41	41

As at January 1, 2020, amounts due from shareholders amounted to RMB8,089,000.

The amounts due from shareholders of the Group are denominated in USD.

	Maximum amount outstanding during the year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from shareholders	8,094	41	41

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from shareholders	5	2,968	41

As at January 1, 2020, amounts due from shareholders amounted to RMB2,156,000.

Included in the balances of amounts due from shareholders, amounts due from directors as at December 31, 2020, 2021 and 2022 are RMB5,000, RMB41,000 and RMB41,000, respectively.

	Maximum amount outstanding during the year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from directors	2,161	41	41

The amounts due from shareholders of the Company are denominated in USD.

19B. AMOUNTS DUE FROM PREFERRED SHAREHOLDERS

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from preferred shareholders	–	549,734	–

Included in the balances of amounts due from preferred shareholders as at December 31, 2020, 2021 and 2022, nil, RMB369,886,000 and nil are denominated in USD.

19C. AMOUNTS DUE FROM SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	91,711	–	–

The amounts due from subsidiaries of the Company are denominated in USD.

19D. AMOUNTS DUE TO PREFERRED SHAREHOLDERS

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand.

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to preferred shareholders	159,675	–	–

Included in the balances of amounts due to preferred shareholders as at December 31, 2020, 2021 and 2022, RMB134,003,000, nil and nil are denominated in USD.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to preferred shareholders	134,003	–	–

The amounts due to preferred shareholders of the Company are denominated in USD.

19E. AMOUNTS DUE TO SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	–	603,858	669,645

Included in the balances of amounts due to subsidiaries as at December 31, 2020, 2021 and 2022, nil, RMB593,548,000 and RMB648,035,000 are denominated in USD.

19F. AMOUNTS DUE TO SHAREHOLDERS

The amounts are non-trade in nature, unsecured, interest-free, and repayable on demand. [In the opinion of the directors of the Company, the amounts due to shareholders will be settled before the [**REDACTED**] of the Company on the Stock Exchange.]

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to shareholders	–	1,779	1,841

20. STRUCTURED DEPOSITS

As at December 31, 2020 and 2021, the structured deposits were issued by a bank in the PRC with expected rates of return (not guaranteed) which is linked to the fluctuation of Euro exchange rate against USD. The structured deposits were classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest. The expected rates of return of these structured deposits at the end of each reporting period are set out as below:

	As at December 31,		
	2020	**2021**	**2022**
Structured deposits	1.3%-2.9%	1.1%-2.9%	–

21. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	665,120	542,568	467,945
Time deposits	60,246	–	37,858
Total	725,366	542,568	505,803

The Group's cash and cash equivalents that are denominated in currencies other than functional currency of the relevant group entities are set out as below:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
HKD	6,865	–	51
USD	643,709	231,368	52,549
Total	650,574	231,368	52,600

Bank balances

Bank balances carry interest at market rates which range from 0.001% to 3.70% per annum as at December 31, 2020, 2021 and 2022.

Time deposits

The Group's time deposits were issued by banks with original maturities within three months. The interest rates of the time deposits range from 0.35% to 0.55% per annum as at December 31, 2020 and at 4.75% per annum as at December 31, 2022.

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	368,005	87,417	15,933
Time deposits	–	–	27,858
Total	368,005	87,417	43,791

The Company's cash and cash equivalents that are denominated in currencies other than functional currency of the Company are set out below:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
HKD	–	–	51
USD	368,005	87,417	43,740
Total	368,005	87,417	43,791

Details of impairment assessment of the Group's and the Company's bank balances and time deposits are set out in Note 31.

22. PLEDGED BANK DEPOSITS AND TIME DEPOSITS

The Group

Pledged bank deposits and time deposits carry fixed interest rate of 0.35%-3.4% per annum and represent deposits pledged to banks to secure banking facilities granted to the Group and time deposits with original maturity over three months. Bank deposits amounting to RMB73,808,000, RMB35,439,000 and RMB48,376,000 as at December 31, 2020, 2021 and 2022, respectively, have been pledged to secure short-term bank borrowings and are therefore classified as current assets. Bank deposits amounting to RMB81,681,000, RMB33,000,000 and RMB10,504,000 as at December 31, 2020, 2021 and 2022, respectively, have been pledged to secure long-term bank borrowings and are therefore classified as non-current assets. As at December 31, 2022, time deposits with original maturity over three months amounting to RMB6,000,000, RMB20,000,000 and RMB15,000,000 will mature in September 2023, August 2025 and July 2027, respectively.

The Company

Pledged bank deposits carry fixed interest rate of 2.95% per annum and represent deposits pledged to banks to secure banking facilities granted to subsidiaries of the Group. Bank deposits amounting to RMB47,632,000, nil and nil as at December 31, 2020, 2021 and 2022, respectively, have been pledged to secure a short-term bank borrowing and are therefore classified as current assets.

23. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	53,789	63,796	103,709
Salary and welfare payables	26,935	36,390	40,295
Other tax payables	4,578	22,569	17,230
Accrued expenses	9,173	23,156	19,858
Other payables	–	7,522	–
Accrued [**REDACTED**] expenses and [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	106	976	949
Total	94,581	163,682	188,563

The following is an aged analysis on trade payables of the Group presented based on the invoice date:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	48,144	56,394	95,741
1 to 2 years	2,907	1,813	1,101
2 to 3 years	2,631	2,862	1,289
Over 3 years	107	2,727	5,578
	53,789	63,796	103,709

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Accrued [**REDACTED**] expenses and [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

The Group's and the Company's accrued [**REDACTED**] expenses and [**REDACTED**] costs that are denominated in currencies other than functional currency of the Company is set out below:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
HKD	–	401	–
USD	–	2,362	5,853
Total	–	2,763	5,853

24. FINANCIAL LIABILITIES AT FVTPL

The Group

The Group entered into share subscription agreements with independent investors and issued eight series (the "Series A-Angel", "Series A-1", "Series A-2", "Series A-3", "Series B", "Series C", "Series D", "Series E", respectively) of Preferred Shares, warrants and convertible bonds from year 2015 to 2021, fair values of which at the end of each reporting period are as follows:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Preferred Shares			
– Series A-Angel	75,094	104,221	160,154
– Series A-1	130,022	178,030	268,977
– Series A-2	131,537	179,257	269,409
– Series A-3	138,214	220,540	330,918
– Series B	236,607	333,013	471,496
– Series C	313,492	391,295	519,851
– Series D	466,398	495,085	553,090
– Series E	–	380,747	410,463
Warrants	25,517	–	–
Convertible bonds	340,577	–	–
Total	1,857,458	2,282,188	2,984,358

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Preferred Shares			
– Series A-Angel	75,094	104,221	160,154
– Series A-1	130,022	178,030	268,977
– Series A-2	131,537	179,257	269,409
– Series A-3	138,214	220,540	330,918
– Series B	236,607	333,013	471,496
– Series C	313,492	391,295	519,851
– Series D	466,398	495,085	553,090
– Series E	–	380,747	410,463
Warrants	2,056	–	–
Convertible bonds	287,939	–	–
Total	1,781,359	2,282,188	2,984,358

Preferred Shares

In 2015, Beijing Ediantao entered into a share subscription agreement with a third-party investor, a Series A-Angel share investor of Beijing Ediantao and pursuant to which, Beijing Ediantao issued 176,471 ordinary shares with preferred rights with total consideration of RMB6,000,000. The ordinary shares with preferred rights were issued and fully paid in 2015.

In February 2016, the Company entered into a share subscription agreement with third-party investors, Series A-1 preferred shares investors of the Company and pursuant to which, the Company issued 4,000,000 convertible preferred shares with total consideration of USD4,550,000 ("Series A-1 Preferred Shares"). The convertible preferred shares were issued and fully paid in March 2016.

In September 2016, the Company entered into a share subscription agreement with third-party investors, Series A-2 preferred shares investors of the Company and pursuant to which, the Company issued 4,000,000 convertible preferred shares with total consideration of USD5,000,000 ("Series A-2 Preferred Shares"). The convertible preferred shares were issued and fully paid in September 2016.

In November 2016, Beijing Ediantao entered into a share subscription agreement with third-party investors, Series A-3 share investors of Beijing Ediantao and pursuant to which, Beijing Ediantao issued 206,265 ordinary shares with preferred rights with total consideration of RMB34,986,000. The ordinary shares with preferred rights were issued and fully paid in November 2016. In November 2016, the Company entered into a share subscription agreement with offshore investment vehicles of the above Series A-Angel share investor and Series A-3 share investors and pursuant to which, the Company issued 2,400,000 and 4,207,805 convertible preferred shares at the nominal value to the offshore investment vehicle of the above Series A-Angel share investor ("Series A-Angel Preferred Shares") and offshore investment vehicles of Series A-3 share investors ("Series A-3 Preferred Shares"), respectively, to mirror their ultimate beneficial interests in the Group through ordinary shares with preferred rights held by them in Beijing Ediantao.

In August 2017, Beijing Ediantao entered into a share subscription agreement with third-party investors, Series B share investors of Beijing Ediantao, pursuant to which, Beijing Ediantao issued 136,007 ordinary shares with preferred rights with total consideration of RMB60,000,000. The ordinary shares with preferred rights were issued and fully paid in September 2017. In August 2017, the Company entered into a share subscription agreement with third-party investors and the offshore investment vehicles of Series B share investors, and pursuant to which, the Company issued 3,239,714 convertible preferred shares with total consideration of USD9,000,000 to the third-party investors, and 3,239,714 convertible preferred shares at the nominal value to the offshore investment vehicles of Series B share investors to mirror their ultimate beneficial interests in the Group through ordinary shares with preferred rights held by them in Beijing Ediantao ("Series B Preferred Shares"), respectively. The convertible preferred shares were issued and fully paid in September 2017.

In February 2018, Beijing Ediantao entered into a share subscription agreement with third-party investors, Series C share investors of Beijing Ediantao and pursuant to which, Beijing Ediantao issued 40,608 ordinary shares with preferred rights with total consideration of RMB32,460,000. The ordinary shares with preferred rights were issued and fully paid in March 2018. In February 2018, the Company entered into a share subscription agreement with third-party investors and offshore investment vehicles of Series C share investors, and pursuant to which, the Company issued 6,103,818 convertible preferred shares with total consideration of USD27,000,000 to third-party investors, and 1,130,336 convertible preferred shares at nominal value to the offshore investment vehicles of Series C share investors to mirror their ultimate beneficial interests in the Group through ordinary shares with preferred rights held by them in Beijing Ediantao ("Series C Preferred Shares"), respectively. The convertible preferred shares were issued and fully paid in March 2018.

In September 2018, the Company entered into a share subscription agreement with third-party investors, Series D preferred shares investors of the Company and pursuant to which, the Company issued 7,294,441 convertible preferred shares with total consideration of USD60,500,000 ("Series D Preferred Shares"). The convertible preferred shares were issued and fully paid in September 2018.

In March 2021, the Company repurchased the convertible preferred shares held by the Pre-[**REDACTED**] Investors at original issue price and Beijing Eidiantao issued ordinary shares with preferred rights to the onshore investment vehicles of the Pre-[**REDACTED**] Investors at the same amounts. In substance, the Company and the Pre-[**REDACTED**] Investors entered into a swap to exchange the convertible preferred shares issued by the Company with ordinary shares with preferred rights issued by Beijing Eidiantao to mirror the Pre-[**REDACTED**] Investors' respective then shareholdings at the Company level.

On October 12, 2021, the Company and the Pre-[**REDACTED**] Investors entered into the offshore shares purchase agreement, pursuant to which the Company issued, and the Pre-[**REDACTED**] Investors, through their respective offshore investment vehicles, subscribed for the shares in the Company to substantially reflect their respective rights, obligations and shareholdings in Beijing Ediantao held by their onshore investment vehicles.

The key terms of the convertible preferred shares and ordinary shares with preferred rights (collectively the "Preferred Shares") are set as below:

Conversion rights

Each holder of the series of convertible preferred shares shall have the right, at such holder's sole discretion, to convert all or any portion of the convertible preferred shares into ordinary shares at any time by the conversion price then in effect at the date of the conversion (the "Conversion Price"). The initial Conversion Price for the convertible preferred shares will be the applicable convertible preferred shares issue price (i.e., a 1-to-1 initial conversion ratio).

Each series of convertible preferred shares shall automatically be converted into ordinary shares, at the then applicable convertible preferred shares Conversion Price upon the closing of a qualified [**REDACTED**].

Voting rights

The holder of each series of convertible preferred shares shall be entitled to the number of votes equal to the number of ordinary shares into which such series of convertible preferred shares could be converted at the record date for determination of the registered holder from time to time of the shares in the paid-in capital of the Company ("Members") entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of Members is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class.

Dividend rights

Each holder of series of convertible preferred shares shall be entitled to receive, prior and in preference to other shareholders of the Company, at the amount distributed among all the issued and outstanding shares pro rata based on the number of ordinary shares held by each holder of convertible preferred shares as-if-converted basis.

Liquidation preferences

Upon any liquidation, dissolution or winding up of the Company and/or any subsidiaries of the Company, either voluntary or involuntary (each a "Liquidation Event"), each holder of Preferred Shares shall be entitled to receive, on parity with each other, an amount equal to one hundred percent (100%) of the series Preferred Shares' original issue price (in each case as adjusted for any share splits, share dividends, combinations, recapitalisations and similar transactions), plus all dividends declared and unpaid with respect thereto per share, then held by such holder. If, upon any liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on the series of Preferred Shares, then such assets shall be distributed among the holders of the series of preferred shareholders ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

Distributions to the Members of the Company shall be made in the following order: (i) Series E Preferred Shares (as defined below); (ii) Series D Preferred Shares; (iii) Series C Preferred Shares; (iv) Series B Preferred Shares; (v) Series A-3 Preferred Shares and Series A-2 Preferred Shares; (vi) Series A-1 Preferred Shares; (vii) Series A-Angel Preferred Shares.

After distribution or payment in full of the amount distributable or payable on the above series of Preferred Shares, the remaining assets (if any) of the Company available for distribution to Members shall be distributed ratably among the holders of outstanding ordinary shares and the holders of outstanding Preferred Shares in proportion to the number of outstanding ordinary shares held by them (with outstanding convertible preferred shares treated on an as-if-converted basis).

If any holder of Preferred Shares fails to receive the amounts set forth in above in full for whatever reason, each holder of ordinary shares (excluding the ordinary shares converted from the convertible preferred shares) shall severally and jointly transfer all of the assets or cash it received from the Company in such Liquidation Event or deemed Liquidation Event (as defined in the share subscription agreements) until all the amount set forth in above have been fully paid to such holder of Preferred Shares.

Redemption feature

Redemption of Series A-Angel Preferred Shares

At any time on or after fifth (5th) anniversary at the Series D Preferred Shares original issue date, each Series A-Angel Preferred Shares shall be redeemable at the option of each holder of the Series A-Angel Preferred Shares, out of funds legally available therefor in accordance with the following terms.

The redemption price of each Series A-Angel Preferred Shares shall be, with respect to the holders of Series A-Angel Preferred Shares, one hundred percent (100%) of the Series A-Angel original issue price (adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus an amount that would accrue on the Series A-Angel original issue price at a simple interest rate of twelve percent (12%) per annum, during the period commencing from the date of issuance of such Series A-Angel Preferred Shares and ending on the date when any amounts due and payable in respect of such Series A-Angel Preferred Shares shall be paid in full.

Redemption of Series A-1 Preferred Shares

At any time after the earlier of (a) the occurrence of a material breach by the Company or the subsidiaries of the Company or any of the shareholders of the Company Ji Peng Cheng and Zhang Bin and the shareholders of the Company which wholly owned by Ji Peng Cheng and Zhang Bin of any of their respective representations, warranties, covenants or undertakings under the series preferred shares purchase agreements and such breach, if curable, has not been cured within twenty (20) Business Days, (b) the date on which there occurs a material breach of the Series D Preferred Shares purchase agreement and such breach, if curable, has not been cured within twenty (20) Business Days, (c) any material adverse change in the regulatory environment, under which circumstance the Series D have become or will become invalid, illegal or unenforceable, (d) the failure by the Company to complete a Trade Sale or a qualified [**REDACTED**] within the fifth (5th) anniversary of the Series D original issue date, or (e) the date that any holder of preferred shares is entitled to exercise its redemption right and a redemption request has been delivered to the Company by such holder of preferred shares, each Series A-1 Preferred Shares shall be redeemable at the option of each holder of the Series A-1 Preferred Shares out of funds legally available therefor.

Trade Sale shall mean the following events: (i) the acquisition of the Company or the subsidiaries of the Company (whether by a sale of equity, merger or consolidation) in which in excess of 50% of the Company or the subsidiaries of the Company's voting power outstanding before such transaction is transferred; (ii) the sale, transfer or other disposition of all or substantially all the assets, or intellectual property of the Company or the subsidiaries of the Company; or (iii) the exclusive licensing of all or substantially all of the Company or subsidiaries of the Company's proprietary rights.

The redemption price of each Series A-1 Preferred Shares (the "Series A-1 Redemption Price") shall be the amount equal to:

$SAIP \times (1.10)^N$, where SAIP = the Series A-1 Preferred Shares original issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares); and N = a fraction the numerator of which is the number of calendar days commencing from the date of issuance of such Series A-1 Preferred Shares ending on the date when any amounts due and payable in respect of such Series A-1 Preferred Shares shall be paid in full and the denominator of which is 365, plus all declared but unpaid dividends with respect thereto per Series A-1 Preferred Shares up to the actual payment date of the Series A-1 Redemption Price, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers.

Redemption of Series A-2 Preferred Shares

The redemption features of Series A-2 Preferred Shares are the same with Series A-1 Preferred Shares.

Redemption of Series A-3 Preferred Shares

At any time after the earlier of (a) the failure by the Company to complete a Trade Sale or a qualified [**REDACTED**] within the fifth (5th) anniversary of the Series D original issue date, (b) the shareholder of the Company Ji Peng Cheng or Zhang Bin participates in any business in competition with the Company or the subsidiaries of the Company or be in violation of the undertakings or non-competition, and such breach has not been cured within thirty (30) Business Days after the written notice by the Series A-3 Preferred Shares investor (c) the occurrence of the event that any shareholder of the Company Ji Peng Cheng or Zhang Bin, key employees or the senior management prejudices the interest of the Company or the subsidiaries of the Company, and such breach has not been cured within thirty (30) Business Days after the written notice by Series A-3 Preferred Shares investor; (d) the occurrence of any material ethics and integrity issue to the shareholder of the Company Ji Peng Cheng or Zhang Bin causing any disruption to the operation of the Company or the subsidiaries of the Company for twenty (20) Business Days and such breach, if curable, has not been cured within thirty (30) Business Days; (e) the failure of the Company or the subsidiaries of the Company to undertake any business operation in an ordinary manner lasting for twenty (20) Business Days resulting from the deadlock due to the reason of Ji Peng Cheng or Zhang Bin and such breach, if curable, has not been cured within thirty (30) Business Days; (f) the occurrence of a material breach by the Company or the subsidiaries of the Company or Ji Peng Cheng or Zhang Bin and the Company which wholly owned by Ji Peng Cheng and Zhang Bin of any of their respective representations, warranties, covenants or undertakings under the series preferred shares purchase agreements and such breach, if curable, has not been cured within thirty (30) Business Days, (g) the date on which there occurs a material breach of the Series D Preferred Shares purchase agreement and such breach, if curable, has not been cured within twenty (20) Business Days, (h) any material adverse change in the regulatory environment, under which circumstance the Series D have become or will become invalid, illegal or unenforceable, or (i) the date that any holder of preferred shares is entitled to exercise its redemption right and a redemption request has been delivered to the Company by such holder of preferred shares, each Series A-3 Preferred Shares shall be redeemable at the option of each holder of the Series A-3 Preferred Shares out of funds legally available therefor.

The redemption price of each Series A-3 Preferred Shares shall be, with respect to the holders of Series A-3 Preferred Shares, one hundred percent (100%) of the Series A-3 original issue price (adjusted for any share splits, share dividends, combinations, recapitalisations and similar transactions), plus an amount that would accrue on the Series A-3 Preferred Shares original issue price at a simple interest rate of twelve percent (12%) per annum, during the period commencing from the date of issuance of such Series A-3 Preferred Shares and ending on the date when any amounts due and payable in respect of such Series A-3 Preferred Shares shall be paid in full, plus all declared but unpaid dividends with respect thereto per Series A-3 Preferred Share up to the actual payment date of the Series A-3 redemption price, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers.

Redemption of Series B Preferred Shares

The redemption features of Series B Preferred Shares are the same with Series A-3 Preferred Shares.

Redemption of Series C Preferred Shares

The redemption trigger events of Series C Preferred Shares are the same with Series A-3 Preferred Shares and Series B Preferred Shares. And the calculation method of redemption price of each Series C Preferred Share is the same with Series A-1 Preferred Shares and Series A-2 Preferred Shares.

Redemption of Series D Preferred Shares

In addition to the redemption trigger events of Series C Preferred Shares, there are two additional clause to trigger the redemption of Series D Preferred Shares, the lack of finance lease qualification or necessary permit, license, filing or registration related to the assembling or manufacturing computer by the Company or subsidiaries of the Company (no matter with or without the brand owned by the Company or subsidiaries of the Company, including but not limited to China compulsory certification or other registration and filing concerning the workshop or the production conduct of the Company or subsidiaries of the Company (if applicable)), which results in material adverse effect on the Company or subsidiaries of the Company or the Series D Preferred Shares investors, or the infringement of copyrights by the Company or subsidiaries of the Company due to the computers (no matter the new computers or the second-hand computers), which results in material adverse effect on the Company or subsidiaries of the Company or the Series D Preferred Shares investors.

The calculation method of redemption price of each Series D Preferred Shares is the same with Series A-1 Preferred Shares, Series A-2 Preferred Shares and Series C Preferred Shares.

Redemption of Series E Preferred Shares

The redemption features of Series E Preferred Shares are the same with Series D Preferred Shares.

On October 12, 2021, the Company entered into an agreement with the shareholders of the Company, pursuant to which the redemption rights in convertible preferred shares will cease to be exercisable commencing from the first submission of the [**REDACTED**] to the Stock Exchange and until the earlier of the Company fails to complete its [**REDACTED**] on the Main Board of the Stock Exchange before September 13, 2023, or the [**REDACTED**] is withdrawn or rejected. The other preferred rights will be automatically terminated immediately prior to the [**REDACTED**] of the Company.

On December 29, 2022, agreed by all preferred shareholders, the Company updated its memorandum and articles of association, pursuant to which the redemption rights of convertible preferred shares will cease to be exercisable commencing from the first submission of the [**REDACTED**] to the Stock Exchange and until the earlier of the Company fails to complete its [**REDACTED**] on the Main Board of the Stock Exchange before March 13, 2024, or the [**REDACTED**] is withdrawn or rejected. The memorandum and articles of association have been approved by all shareholders with a special shareholders' resolution on December 29, 2022.

Warrants

Prior to the Track Record Period, the Group issued warrants to third party investors to subscribe for certain convertible preferred shares of the Company or ordinary shares with preferred rights of Beijing Ediantao at agreed consideration.

In March 2021, the holders of warrants exercised the purchase option and paid the total consideration of RMB29,000,000 to subscribe certain ordinary shares with preferred rights of Beijing Eidiantao.

Convertible bonds

In August 2020, the Company and Beijing Ediantao issued convertible bonds with principal amount of USD43,463,000 and RMB54,328,000, respectively, to third party investors. The convertible bonds can be converted into relevant paid-in capital of Beijing Ediantao with the pre-money valuation of USD530,000,000 at any time, and if the reorganisation has not been completed until April 30, 2021, the holders have the rights to convert the convertible bonds into 2,368,455 ordinary shares with preferred rights of Beijing Ediantao or request redemption with principal plus compound interest rate of 8% per annum.

In March 2021, the holders of the convertible bonds exercised the conversion right to convert into 2,368,455 ordinary shares with preferred rights of Beijing Eidiantao ("Series E Preferred Shares").

Presentation and Classification

Preferred Shares are denominated in USD for convertible preferred shares or ordinary shares issued with preferred rights; the convertible bonds contain two components, debt component and derivative (including conversion options) component. The Group does not bifurcate any embedded derivatives from the host instruments and designated the entire instruments as financial liabilities at FVTPL with the changes in the fair value recognised in profit or loss. The directors of the Company considered that the changes in the fair value of Preferred Shares and convertible bonds attributable to the change in credit risk of the Group is minimal.

The warrants issued by the Group are derivatives and classified as financial liabilities at FVTPL with carrying amounts of RMB25,517,000, nil and nil as at December 31, 2020, 2021 and 2022, respectively. The fair value loss on such derivative financial instruments amounting to RMB272,000, nil and nil were recognised in profit or loss during the years ended December 31, 2020, 2021 and 2022, respectively.

Preferred Shares, warrants and convertible bonds were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer.

The Company used the discounted cash flow model to determine the underlying equity value of the Company and performed an equity allocation based on Black-Scholes option pricing model to arrive the fair value of Preferred Shares, warrants and convertible bonds.

In addition to the underlying equity value of the Company determined by discounted cash flow method, other key valuation assumptions used in Black-Scholes option pricing model to determine the fair value are as follows:

Preferred Shares

	As at December 31,		
	2020	**2021**	**2022**
Risk-free interest rate	0.15%	0.63%	4.67%
Expected volatility	55.37%	37.70%	42.07%
Possibilities under liquidation scenario	30.00%	25.00%	10.00%
Possibilities under redemption scenario	30.00%	25.00%	10.00%
Possibilities under [**REDACTED**] scenario	40.00%	50.00%	80.00%
Discount rate	14.50%	14.00%	13.50%
Discount for lack of marketability ("DLOM")	15.50%	6.00%	5.00%

Warrants

	As at December 31,		
	2020	**2021**	**2022**
Risk-free interest rate	2.63%	N/A	N/A
Expected volatility	42.24%	N/A	N/A
Discount rate	14.5%	N/A	N/A
DLOM	15.50%	N/A	N/A

Convertible bonds

	As at December 31,		
	2020	**2021**	**2022**
Risk-free interest rate	0.15%	N/A	N/A
Expected volatility	55.37%	N/A	N/A
Possibilities under liquidation scenario	60.00%	N/A	N/A
Possibilities under [**REDACTED**] scenario	40.00%	N/A	N/A
Discount rate	14.5%	N/A	N/A
DLOM	15.50%	N/A	N/A

Movement of financial liabilities at FVTPL during the Track Record Period is set out in Note 31.4.

The directors of the Company estimated the risk-free interest rate by reference to the yield of United States treasury bonds or Chinese treasury bonds, as appropriate with a maturity life close to the expected terms. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry with tenure commensurate with the expected time to exit for each scenario. Discount rate was estimated by weighted average cost of capital as at each valuation date. The DLOM was estimated based on the option-pricing method.

25. BORROWINGS

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	586,163	638,328	585,372
Bank borrowings relating to bills discounted with recourse	–	34,850	–
Borrowings from other financial institutions	654,701	932,152	807,931
Total	1,240,864	1,605,330	1,393,303
Secured and/or guaranteed *(Note i)*	1,202,266	1,605,330	1,393,303
Unsecured and unguaranteed	38,598	–	–

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable *(Note ii)*			
– On demand or within one year	894,785	1,221,780	1,072,717
– Within a period of more than one year but not exceeding two years	315,739	363,724	265,078
– Within a period of more than two years but not exceeding five years	30,340	19,826	55,508
	1,240,864	1,605,330	1,393,303
Less: Amounts shown under current liabilities	894,785	1,221,780	1,072,717
Amounts shown under non-current liabilities	346,079	383,550	320,586

Notes:

i. Included in the secured and/or guaranteed borrowings, RMB1,162,379,000, RMB1,408,127,000 and RMB1,369,254,000 were guaranteed by two directors of the Company, Ji Peng Cheng and Zhang Bin as at December 31, 2020, 2021 and 2022, respectively. In the opinion of the directors of the Company, the guarantee provided by Ji Peng Cheng and Zhang Bin will not be released before the [**REDACTED**] of the Company on the Stock Exchange.

ii. The amounts due are based on terms set out in the loan agreements.

The exposures of the Group's borrowings are as follows:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	1,240,864	1,605,330	1,393,303

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at December 31,		
	2020	**2021**	**2022**
Effective interest rates:			
Fixed-rate borrowings	3.65%-12.00%	3.65%-12.60%	3.35%-12.10%

26. BOND PAYABLE

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Bond payable	–	26,138	11,040
Analysed as:			
Non-current	–	11,250	–
Current	–	14,888	11,040
Total	–	26,138	11,040

On August 9, 2021, Evergrowing Bank Co., Ltd, agreed to subscribe the bond issued by Beijing Ediantao in the aggregate principal amount of RMB30,000,000. The bond bears fixed interest rate of 5.50% per annum and is repaid in installments. The effective interest rate of the bond is 6.50% per annum. The bond is guaranteed by a third-party, Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd.

27. PAID-IN CAPITAL/SHARE CAPITAL

For the purpose of this report, the paid-in capital as at January 1, 2020 and December 31, 2020 represented the paid-in capital of Beijing Ediantao at the respective dates.

	As at December 31, 2020
	RMB'000
Paid-in capital	667

The share capital as at December 31, 2021 and 2022 represented the share capital of the Company following the completion of the Reorganisation with details as follows:

	Number of Shares	**Amount**	**Amount**
		USD	*RMB'000*
Authorised ordinary shares of USD0.0005 each			
At December 31, 2021 and 2022	100,000,000	50,000	319
Issued			
At December 31, 2021 and 2022	13,487,536	6,744	43

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 18, 2015. The initial authorised share capital of the Company was USD50,000 divided into 100,000,000 ordinary shares with a par value of USD0.0005 each.

As at January 1, 2020, 11,200,000 ordinary shares were issued and held by Ji Peng Cheng and Zhang Bin. In December 2020, 1,695,464 share options were granted and exercised by Ji Peng Cheng and Zhang Bin (see Note 29) and as such, in aggregate 12,895,464 ordinary shares were issued as at December 31, 2020. In October 2021, 592,072 ordinary shares were issued and allotted to the offshore incentive platforms as part of the Reorganisation as stated in Note 2. Upon completion of the Reorganisation and as at December 31, 2021 and 2022, in aggregate 13,487,536 ordinary shares were issued with a par value of USD0.0005 each, of which 12,895,464 ordinary shares are not fully paid up including 11,200,000 ordinary shares allotted and issued to Ji Peng Cheng and Zhang Bin to reflect their original beneficial shareholding in Beijing Ediantao through capital contribution payable to the Company. The share capital of the Company is USD6,744 (equivalent to approximately RMB43,000) as at December 31, 2021 and 2022.

28. RESERVES

The Company

	Share premium	**Share-based payments reserve**	**Other reserve**	**Total reserve**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	–	7,950	–	7,950
Recognition of equity-settled share-based payments *(Note 29)*	–	62,529	–	62,529
Others	–	–	5	5
As at December 31, 2020	–	70,479	5	70,484

	Share premium	Share-based payments reserve	Other reserve	Total reserve
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recognition of equity-settled share-based payments *(Note 29)*	–	7,739	–	7,739
Issuance of ordinary shares of the Company pursuant to the Reorganisation	3,530	(605)	(5)	2,920
As at December 31, 2021	3,530	77,613	–	81,143
Recognition of equity-settled share-based payments *(Note 29)*	–	16,509	–	16,509
As at December 31, 2022	3,530	94,122	–	97,652

29. SHARE-BASED PAYMENTS

(a) Details of the employee share option scheme of the Company

The Company established and adopted an employee share option plan in March 2016, and amended the employee share option plan in August 2017 and September 2018, and on February 25, 2022, the Company's employee share option scheme were defined as Pre-[**REDACTED**] Option Plan, which was ratified by the shareholders of the Company. Up to a total of 4,554,060 ordinary shares shall be reserved for issuance of share options pursuant to the terms and conditions under the employee share option plan. The Company granted share options to eligible directors and employees of the Company and its subsidiaries since the adoption of the employee share option plan. The share options granted to directors were vested immediately, and the share options granted to eligible employees were scheduled to be vested with a range of 30 days up to four years.

Details and movements for share options granted to employees for the Track Record Period are presented as follows:

	Number of share options	Weighted average exercise price	Weighted average remaining term
		US$	*Year*
Outstanding as at January 1, 2020	1,637,199	1.94	1.39
Granted	928,352		
Exercised*	(941,733)		
Forfeited or cancelled	(39,504)		
Outstanding as at December 31, 2020	1,584,314	2.34	1.00

	Number of share options	Weighted average exercise price	Weighted average remaining term
		US$	*Year*
Granted	888,771		
Forfeited or cancelled	(300,894)		
Other*	349,661		
Outstanding as at December 31, 2021	2,521,852	4.35	1.61
Granted	720,412		
Forfeited or cancelled	(423,650)		
Outstanding as at December 31, 2022	2,818,614	5.45	1.60

* *During the year ended December 31, 2020, certain eligible employee exercised the share options granted to them and obtained ordinary shares of Beijing Ediantao. The subscription price with an aggregate amount of RMB10,449,000 were received in January 2021. In October 2021, Beijing Ediantao repurchased such ordinary shares from these eligible employees. As at December 31, 2021, the outstanding shares of the Company to be issued for the options granted to these eligible employees were 349,661 shares.*

Included in the outstanding share options as at December 31, 2022, 233,886 and 388,136 share options were granted to Xiang Zheng and Zheng Tao, respectively, who had been appointed as executive directors of the Company since February 25, 2022.

Details and movements for share options granted to directors for the Track Record Period are presented as follows:

	Number of share options	Weighted average exercise price	Weighted average remaining term
		US$	*Year*
Outstanding as at January 1, 2020	–	–	–
Granted	1,695,464		
Exercised	(1,695,464)		
Outstanding as at December 31, 2020, 2021 and 2022	–	–	–

The number of exercisable share options as at December 31, 2020, 2021 and 2022 was 391,596, 1,059,766 and 1,387,788, respectively.

(b) Fair value of share options granted

The valuation of the share options was performed by an independent qualified professional valuer. Options were priced using a binomial option pricing model. The main inputs used in the model include fair value of the Company's share as at the grant date, exercise price, expected volatility, expected life and risk-free interest rate. The inputs used in the model are as follows:

Grant date	Before the Track Record Period	January 1, 2020 to May 31, 2020	June 1, 2020 to August 31, 2020	September 1, 2020 to December 31, 2020
Exercise price (USD)	0.0005-9.9742	0.0005-8.2940	0.0005-9.9742	0.0005-9.9742
Expected volatility	50%-58%	54%	54%	53%
Risk-free rate	1.50%-3.07%	0.64%-0.71%	0.71%	0.92%
Expected dividend yield	0%	0%	0%	0%
Expected life	10 years	10 years	10 years	10 years
Fair value (USD)	0.19-4.30	1.81-4.53	1.84-4.78	1.76-4.71

Grant date	January 1, 2021 to March 31, 2021	April 1, 2021 to June 30, 2021	July 1, 2021 to September 30, 2021	October 1, 2021 to December 31, 2021
Exercise price (USD)	0.0005-9.9742	0.0005-9.9742	0.0005-9.9742	0.0005-9.9742
Expected volatility	54%	54%	54%	47.6%
Risk-free rate	1.74%	1.47%	1.49%	1.51%
Expected dividend yield	0%	0%	0%	0%
Expected life	10 years	10 years	10 years	10 years
Fair value (USD)	1.45-4.86	1.62-5.11	1.70-5.35	2.20-6.70

Grant date	January 1, 2022 to March 31, 2022	April 1, 2022 to June 30, 2022	July 1, 2022 to December 31, 2022
Exercise price (USD)	9.9742	9.9742	0.0005-9.9742
Expected volatility	47.7%	47.32%	46.8%
Risk-free rate	2.35%	3.02%	3.88%
Expected dividend yield	0%	0%	0%
Expected life	10 years	10 years	10 years
Fair value (USD)	3.03	4.17	4.21-9.54

For the years ended December 31, 2020, 2021 and 2022, the Group recognised total expenses of RMB62,529,000, RMB7,739,000 and RMB16,509,000 related to the share options granted, respectively.

30. OPERATING LEASE ARRANGEMENT

The Group as a lessor

The Group leases out computer devices which are self-owned or leased-in as an intermediate lessor.

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	267,456	331,084	258,959
In the second year	116,041	147,179	98,912
In the third year	39,835	44,877	23,418
In the fourth year	490	379	148
In the fifth year	154	34	11
Total	423,976	523,553	381,448

31. FINANCIAL INSTRUMENTS

31.1 Financial instruments by categories

The Group

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Financial assets at amortised cost	1,038,464	867,606	893,425
Financial assets at FVTPL	32,015	32,009	–
Trade receivables–Pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16	41,386	93,393	107,001
Debt instruments at FVTOCI	–	34,850	–
Financial liabilities:			
Financial liabilities at amortised cost	1,497,517	1,763,959	1,569,691
Financial liabilities at FVTPL	1,857,458	2,282,188	2,984,358
Lease liabilities	94,608	291,751	289,296

The Company

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Financial assets at amortised cost	507,353	640,119	43,832
Financial liabilities:			
Financial liabilities at amortised cost	134,003	613,131	676,167
Financial liabilities at FVTPL	1,781,359	2,282,188	2,984,358

31.2 Financial risk management

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

The Group's major financial instruments include trade and other receivables, amounts due from shareholders, structured deposits, cash and cash equivalents, pledged bank deposits and time deposits, debt instruments at FVTOCI, borrowings, bond payable, lease liabilities, amounts due to preferred shareholders, amounts due to shareholders, financial liabilities at FVTPL, trade and other payables, and deposits received for rental computer devices. The Company's major financial instruments include amounts due from (to) subsidiaries, amounts due from shareholders, amounts due from (to) preferred shareholders, cash and cash equivalents, pledged bank deposits and time deposits and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Foreign exchange risk

The functional currency of the group entities is RMB. Foreign exchange risk arises when future commercial transactions or recognised financial assets and liabilities are denominated in a currency other than the functional currency of the respective entities. In addition, the Company has intra-group balances with subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

Certain bank balances, time deposits, pledged bank deposits, amounts due from shareholders, amounts due from (to) preferred shareholders, other payables, intra-group balances and financial liabilities at FVTPL are denominated in foreign currencies which are exposed the Group and the Company to foreign currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows.

The Group

	Assets			Liabilities		
	As at December 31,			As at December 31,		
Currency	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	783,057	1,194,843	700,625	2,007,073	3,247,984	3,638,246
HKD	6,865	–	51	–	401	–

The Company

	Assets			Liabilities		
	As at December 31,			As at December 31,		
Currency	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	507,353	460,271	43,781	1,915,362	2,878,098	3,638,246
HKD	–	–	51	–	401	–

The Group's and the Company's foreign currency risk is concentrated on the fluctuation of RMB against USD.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against USD. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where RMB weakens 5% against USD. For a 5% strengthening of RMB against USD, there would be an opposite impact on the post-tax loss for the year.

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Impact on profit or loss			
USD	(61,201)	(102,657)	(146,881)

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
The Company			
Impact on profit or loss			
USD	(70,400)	(120,891)	(179,723)

The directors of the Company considered the sensitivity analysis is unrepresentative of the foreign exchange risk as the exposure at the end of each reporting period does not reflect the exposure during the Track Record Period.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group and the Company to cash flow interest rate risk, whereas fixed rate instruments expose the Group and the Company to fair value interest risk. The Group's and the Company's cash flow interest rate risk primarily arose from variable-rate cash and cash equivalents, details of which have been disclosed in Note 21. The Group's and the Company's fair value interest risk primarily arose from fixed-rate time deposits, pledged bank deposits, lease liabilities, Preferred Shares and convertible bonds designated as financial liabilities at FVTPL, borrowings and bond payable, details of which have been disclosed in Notes 21, 22, 16, 24, 25 and 26, respectively.

No sensitivity analysis on interest rate risk on cash and cash equivalents is presented as management considers the exposure of cash flow interest rate risk arising from cash and cash equivalents is insignificant.

Other price risk

The Group and the Company are exposed to price risk in respect of its structured deposits issued by a bank measured at FVTPL, debt instruments at FVTOCI and Preferred Shares, warrants and convertible bonds accounted for as financial liabilities at FVTPL. The above financial instruments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

Preferred Shares, warrants and convertible bonds are affected by changes in the Company's equity value, the sensitivity analysis of which has been disclosed in Note 31.4. The exposures of other price risk arising from structured deposits issued by a bank and debt instruments at FVTOCI are considered to be insignificant.

(b) Credit risk and impairment assessment

Credit risk is the risk that a counterparty default on its contractual obligations leading to a financial loss to the Group. The Group's and the Company's credit risk is mainly associated with cash and cash equivalents, pledged bank deposits and time deposits, amounts due from shareholders, amounts due from preferred shareholders, trade and other receivables, structured deposits and debt instruments at FVTOCI, the carrying amounts of which represent the Group's and the Company's maximum exposure to credit risk in relation to these financial assets.

Except for structured deposits measured at FVTPL, the Group and the Company performed impairment assessment for financial assets and other items under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

The Group's and the Company's cash and cash equivalents and pledged bank deposits and time deposits are mainly deposited in state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. The Group and the Company consider the instruments have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the Track Record Period, hence no loss allowance was recognised.

The Group has no material concentration of credit risk at December 31, 2020, 2021 and 2022.

In order to minimize credit risk, the Group has tasked its credit management team to develop and maintain the credit risk grading for the Group's trade receivables, bills receivable and other receivables and to categorize exposures according to their degree of risk of default. The credit management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The table below set forth how the Group and the Company define the credit risk grading of its counterparties and its accounting policies for recognition of ECL:

Category	**Definition of category**	**Basis for recognition of ECL**	
		Trade receivables	**Other financial assets**
Low risk	The counterparties have a low risk of default and a strong capacity to meet contractual cash flow obligations in the near term	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired	Lifetime ECL – not credit- impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Asset is written off	Asset is written off

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

The Group

	Notes	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount As at December 31,**		
					2020	**2021**	**2022**
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Cash and cash equivalents	*21*	N/A	Low risk	12m ECL	725,366	542,568	505,803
Pledged bank deposits and time deposits	*22*	N/A	Low risk	12m ECL	155,489	68,439	99,880
Amounts due from shareholders	*19A*	N/A	Low risk	12m ECL	5	41	41
Trade receivables-contracts with customers	*18A*	N/A	*(Note)*	Lifetime ECL	126,502	138,259	133,638
Other receivables	*18A*	N/A	Low risk	12m ECL	56,538	171,684	232,157
Debt instruments at FVTOCI	*18B*	N/A	Low risk	12m ECL	–	34,850	–
Other item							
Trade receivables – Pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16	*18A*	N/A	*(Note)*	Lifetime ECL	97,145	151,734	188,748

The Company

	Notes	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount As at December 31,**		
					2020	**2021**	**2022**
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Cash and cash equivalents	*21*	N/A	Low risk	12m ECL	368,005	87,417	43,791
Pledged bank deposits	*22*	N/A	Low risk	12m ECL	47,632	–	–
Amounts due from shareholders	*19A*	N/A	Low risk	12m ECL	5	2,968	41
Amounts due from subsidiaries	*19C*	N/A	Low risk	12m ECL	91,711	–	–
Amounts due from preferred shareholders	*19B*	NA	Low risk	12m ECL	–	549,734	–

Note: For trade receivables arising from contracts with customers and lease arrangements, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant balances and credit-impaired assessed individually, the directors of the Company estimate the amount of lifetime ECL of trade receivables on a collective basis by using provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, internal credit ratings of trade debtors, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix as at December 31, 2020, 2021 and 2022. Debtors with significant balances and credit-impaired with gross carrying amounts of RMB21,034,000, RMB32,160,000 and RMB79,255,000, respectively, as at December 31, 2020, 2021 and 2022 were assessed individually.

As at December 31, 2020

Provision on collective basis	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 270 days	271 to 360 days	Over 360 days	Total
Average loss rate	0.04%	27.86%	55.59%	80.63%	92.59%	98.32%	98.57%	29.66%
Gross carrying amount (RMB'000)	128,183	13,879	4,062	7,002	8,399	6,914	34,174	202,613
Loss allowance (RMB'000)	(54)	(3,866)	(2,258)	(5,646)	(7,777)	(6,798)	(33,687)	(60,086)

As at December 31, 2021

Provision on collective basis	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 270 days	271 to 360 days	Over 360 days	Total
Average loss rate	0.07%	34.74%	64.22%	83.99%	86.37%	92.42%	99.86%	30.77%
Gross carrying amount (RMB'000)	167,816	9,985	4,161	9,568	5,973	4,778	55,552	257,833
Loss allowance (RMB'000)	(114)	(3,469)	(2,672)	(8,036)	(5,159)	(4,416)	(55,474)	(79,340)

As at December 31, 2022

Provision on collective basis	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 270 days	271 to 360 days	Over 360 days	Total
Average loss rate	0.20%	26.57%	45.94%	61.27%	68.35%	76.71%	97.11%	33.03%
Gross carrying amount (RMB'000)	150,264	4,806	3,574	7,648	3,991	5,221	67,627	243,131
Loss allowance (RMB'000)	(305)	(1,277)	(1,642)	(4,686)	(2,728)	(4,005)	(65,670)	(80,313)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As at January 1, 2020	18	48,910	48,928
Net impairment losses recognised	2,592	29,600	32,192
Transfer to credit-impaired	(2,556)	2,556	–
As at December 31, 2020	54	81,066	81,120
Net impairment losses recognised	3,876	26,504	30,380
Transfer to credit-impaired	(3,816)	3,816	–

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2021	114	111,386	111,500
Net impairment losses recognised	4,391	46,675	51,066
Write-off	–	(2,998)	(2,998)
Transfer to credit-impaired	(4,200)	4,200	–
As at December 31, 2022	305	159,263	159,568

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	112	–	–	112
Net impairment losses reversed	(37)	–	–	(37)
As at December 31, 2020	75	–	–	75
Net impairment losses recognised	151	–	–	151
As at December 31, 2021	226	–	–	226
Net impairment losses recognised	47	–	–	47
As at December 31, 2022	273	–	–	273

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group recognises lifetime ECL.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, structured deposits and operating cash flows, the directors of the Company believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the date of the report.

The following table details remaining contractual maturity of the Group's and the Company's financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities on the earliest date which the Group and the Company can be required to pay. The maturity dates are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	Carrying amount	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020							
Trade and other payables	–	80,830	80,830	–	–	–	80,830
Amounts due to preferred shareholders	–	159,675	159,675	–	–	–	159,675
Deposits received for rental computer devices	–	16,148	16,148	–	–	–	16,148
Borrowings	3.65%-12.00%	1,240,864	984,012	341,304	42,072	–	1,367,388
Financial liabilities at FVTPL	10%-12%	1,857,458	1,613,563	–	–	–	1,613,563
Lease liabilities	5.5%-13.2%	94,608	50,216	42,462	8,080	–	100,758
Total		3,449,583	2,904,444	383,766	50,152	–	3,338,362
As at December 31, 2021							
Trade and other payables	–	117,957	117,957	–	–	–	117,957
Amounts due to shareholders	–	1,779	1,779	–	–	–	1,779
Deposits received for rental computer devices	–	12,755	12,755	–	–	–	12,755
Borrowings	3.65%-12.60%	1,605,330	1,239,732	449,212	20,297	–	1,709,241
Financial liabilities at FVTPL	10%-12%	2,282,188	–	1,644,935	–	–	1,644,935
Lease liabilities	5.5%-13.2%	291,751	197,930	124,451	24,297	–	346,678
Bond payable	6.5%	26,138	15,421	11,643	–	–	27,064
Total		4,337,898	1,585,574	2,230,241	44,594	–	3,860,409
As at December 31, 2022							
Trade and other payables	–	151,475	151,475	–	–	–	151,475
Amounts due to shareholders	–	1,841	1,841	–	–	–	1,841
Deposits received for rental computer devices	–	12,032	12,032	–	–	–	12,032
Borrowings	3.35%-12.10%	1,393,303	1,144,500	280,556	57,256	–	1,482,312
Financial liabilities at FVTPL	10%-12%	2,984,358	–	2,014,809	–	–	2,014,809
Lease liabilities	4.07%-13.4%	289,296	208,365	80,417	35,198	5,872	329,852
Bond payable	6.5%	11,040	11,643	–	–	–	11,643
Total		4,843,345	1,529,856	2,375,782	92,454	5,872	4,003,964

The Company

	Weighted average interest rate	Carrying amount	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020						
Amounts due to preferred shareholders	–	134,003	134,003	–	–	134,003
Financial liabilities at FVTPL	10%-12%	1,781,359	1,553,273	–	–	1,553,273
Total		1,915,362	1,687,276	–	–	1,687,276
As at December 31, 2021						
Accrued [REDACTED] expenses and [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amounts due to subsidiaries	–	603,858	603,858	–	–	603,858
Financial liabilities at FVTPL	10%-12%	2,282,188	–	1,644,935	–	1,644,935
Total		2,895,319	613,131	1,644,935	–	2,258,066
As at December 31, 2022						
Accrued [REDACTED] expenses and [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amounts due to subsidiaries	–	669,645	669,645	–	–	669,645
Financial liabilities at FVTPL	10%-12%	2,984,358	–	2,014,809	–	2,014,809
Total		3,660,525	676,167	2,014,809	–	2,690,976

31.3 Capital risk management

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

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new shares issues as well as raising of borrowings.

31.4 Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

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

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorisation within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about the fair value hierarchy of the Group's and the Company's financial assets and liabilities:

The Group

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020				
Assets:				
Structured deposits	–	32,015	–	32,015
Liabilities:				
Financial liabilities at FVTPL	–	–	1,857,458	1,857,458
As at December 31, 2021				
Assets:				
Structured deposits	–	32,009	–	32,009
Debt instruments at FVTOCI	–	34,850	–	34,850
Liabilities:				
Financial liabilities at FVTPL	–	–	2,282,188	2,282,188
As at December 31, 2022				
Liabilities				
Financial liabilities at FVTPL	–	–	2,984,358	2,984,358

The Company

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020				
Liabilities:				
Financial liabilities at FVTPL	–	–	1,781,359	1,781,359
As at December 31, 2021				
Liabilities:				
Financial liabilities at FVTPL	–	–	2,282,188	2,282,188
As at December 31, 2022				
Liabilities:				
Financial liabilities at FVTPL	–	–	2,984,358	2,984,358

The following table gives information about how the fair values of structured deposits and debt instruments at FVTOCI are determined (in particular, the valuation techniques and inputs used).

The Group

Financial assets	Fair value As at December 31, 2020	2021	2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB'000	*RMB'000*	*RMB'000*				
Structured deposits	32,015	32,009	–	Level 2	Discounted cash flow. Future cash flows are estimated based on estimated return (from observable exchange rate)	N/A	N/A
Debt instruments at FVTOCI	–	34,850	–	Level 2	Discounted cash flow – future cash flows discounted at a rate that reflects the credit risk of counterparty.	N/A	N/A

Preferred Shares, warrants and convertible bonds accounted for as financial liabilities at FVTPL are not traded in an active market. The valuation techniques and major assumptions used in the valuation for Preferred Shares, warrants and convertible bonds are presented in Note 24.

A 5% increase/decrease in the equity value of the Company, while all other variables keep constant, would increase the carrying amount of financial liabilities at FVTPL as at December 31, 2020 by approximately RMB78,815,000, or decrease the amount as at December 31, 2020 by approximately RMB78,939,000, respectively.

A 5% increase/decrease in the equity value of the Company, while all other variables keep constant, would increase the carrying amount of financial liabilities at FVTPL as at December 31, 2021 by approximately RMB104,884,000, or decrease the amount as at December 31, 2021 by approximately RMB104,654,000, respectively.

A 5% increase/decrease in equity value of the Company, while all other variables keep constant, would increase the carrying amount of financial liabilities at FVTPL as at December 31, 2022 by approximately RMB143,451,000, or decrease the amount as at December 31, 2022 by approximately RMB143,484,000, respectively.

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

Reconciliation of Level 3 fair value measurements:

The Group

	Financial liabilities at FVTPL
	RMB'000
As at January 1, 2020	1,525,194
Issue of convertible bonds	351,513
Changes in fair value *(Note i)*	(18,609)
Redemption of Preferred Shares	(640)

	Financial liabilities at FVTPL
	RMB'000
As at December 31, 2020	1,857,458
Changes in fair value *(Note i)*	416,358
Exercise of warrants	29,000
Redemption of preferred shares	(1,058,119)
Issue of ordinary shares with preferred rights	1,060,589
Redemption of ordinary shares with preferred rights	(1,209,150)
Issue of preferred shares	1,186,052
As at December 31, 2021	2,282,188
Changes in fair value *(Note i)*	702,170
As at December 31, 2022	2,984,358

The Company

	Financial liabilities at FVTPL
	RMB'000
As at January 1, 2020	1,502,110
Issue of convertible bonds	297,185
Changes in fair value *(Note i)*	(17,936)
As at December 31, 2020	1,781,359
Redemption of preferred shares	(1,058,119)
Issue of preferred shares	1,186,052
Changes in fair value *(Note i)*	372,896
As at December 31, 2021	2,282,188
Changes in fair value *(Note i)*	702,170
As at December 31, 2022	2,984,358

Note

i: Change in fair value presented in RMB includes effect of exchange on translation from USD balances.

Of the total gains or losses for the years ended December 31, 2020, 2021 and 2022 included in profit or loss, gain of RMB18,609,000, loss of RMB416,358,000 and loss of RMB702,170,000 relates to financial liabilities at FVTPL of the Group held at the end of each reporting period, which are included in "gain/(loss) on changes in fair value of financial liabilities at FVTPL".

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amounts due to shareholders	Amounts due to preferred shareholders	Financial liabilities at FVTPL	Lease liabilities	Borrowings	Bond payable	Accrued issue costs	Other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as at January 1, 2020	–	–	1,525,194	59,481	850,359	–	–	–	2,435,034
Financing cash flows	–	166,932	350,873	(69,639)	304,970	–	–	–	753,136
New leases entered	–	–	–	98,812	–	–	–	–	98,812
Finance costs *(Note 9)*	–	–	–	8,320	87,022	–	–	–	95,342
Termination of lease contract	–	–	–	(2,366)	–	–	–	–	(2,366)
Fair value changes on financial liabilities at FVTPL	–	–	(18,609)	–	–	–	–	–	(18,609)
Exchange adjustment	–	(7,257)	–	–	–	–	–	–	(7,257)
Others	–	–	–	–	(1,487)	–	–	–	(1,487)
Liabilities from financing activities as at December 31, 2020	–	159,675	1,857,458	94,608	1,240,864	–	–	–	3,352,605
Financing cash flows	–	(160,628)	8,372	(169,045)	240,261	26,001	(2,487)	–	(57,526)
New lease entered	–	–	–	350,106	–	–	–	–	350,106
Finance costs *(Note 9)*	–	–	–	21,895	124,205	137	–	–	146,237
Termination of lease contract	–	–	–	(5,813)	–	–	–	–	(5,813)
Deferred [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fair value changes on financial liabilities at FVTPL	–	–	416,358	–	–	–	–	–	416,358
Exchange adjustment	–	953	–	–	–	–	–	–	953
Effect from the Reorganisation *(Note 2)*	1,779	–	–	–	–	–	–	–	1,779
Repurchase of ordinary shares of Beijing Ediantao	–	–	–	–	–	–	–	10,449	10,449
Issuance of ordinary share of the Company pursuant to the Reorganisation	–	–	–	–	–	–	–	(2,963)	(2,963)
Other	–	–	–	–	–	–	–	36	36
Liabilities from financing activities as at December 31, 2021	1,779	–	2,282,188	291,751	1,605,330	26,138	1,820	7,522	4,216,528
Financing cash flows	62	–	–	(269,109)	(343,352)	(16,134)	–	(7,522)	(636,055)
New lease entered	–	–	–	229,420	–	–	–	–	229,420
Finance costs *(Note 9)*	–	–	–	37,234	131,325	1,036	–	–	169,595
Fair value changes on financial liabilities at FVTPL	–	–	702,170	–	–	–	–	–	702,170
Deferred [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Liabilities from financing activities as at December 31, 2022	1,841	–	2,984,358	289,296	1,393,303	11,040	185	–	4,680,023

33. RELATED PARTY TRANSACTIONS

Save as disclosed in Notes 19A, 19D and 19F to the Historical Financial Information, during the Track Record Period, the Group has no significant related party transactions and balances with its related companies.

(a) Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	4,996	9,104	8,027
Retirement benefits	296	803	912
Share-based payments	58,778	2,809	4,350
	64,070	12,716	13,289

34. RETIREMENT BENEFITS SCHEME

The employees of the Group in Mainland China are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authorities to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions under the scheme.

During the Track Record Period, the Group had no forfeited contributions under the above retirement benefit scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at December 31, 2020, 2021 and 2022 under such scheme which may be used by the Group to reduce the contribution payable in future years.

The amounts of contributions made by the Group in respect of such retirement benefit scheme are disclosed in Note 11.

35. PARTICULARS OF SUBSIDIARIES

The Group

Details of the subsidiaries directly and indirectly held by the Company are set out below:

Name of subsidiaries	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest attributable to the Company December 31, 2020	2021	2022	As at the date of this report	Principal activities
Subsidiaries directly/indirectly held:							
All In Service Hong Kong Limited *(Note vii)* (全傾服務香港有限公司)	Hong Kong China	USD500,000/ USD500,000	100%	100%	–	–	IT Technology Development and Consulting
Edianzu HK (易點租賃香港有限公司)	Hong Kong China	USD268,474,407.92/ USD268,474,407.92	100%	100%	100%	100%	IT Technology Development and Consulting

Name of subsidiaries	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest attributable to the Company December 31, 2020	2021	2022	As at the date of this report	Principal activities
Huaqing Edian	Mainland China	RMB1,147,206,678/ RMB1,253,850,000	100%	100%	100%	100%	IT Devices Lease
Beijing Quanqing Ganxin Technology Co., Ltd.* *(Note ii)* (北京全傾感心科技有限公司)	Mainland China	RMB347,088.73/ RMB65,285,000	100%	–	–	–	IT Technology Development and Consulting
Zhongzu Yidianyun Technology Co., Ltd.* (中租易點雲(北京)科技有限公司)	Mainland China	Nil/ RMB12,000,000	100%	100%	100%	100%	IT Devices Lease
Tianjin Yidian Network Technology Co., Ltd.* (天津易點網絡科技有限公司)	Mainland China	RMB250,000/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development And Consulting
Xian Yidian Youxin Network Technology Co., Ltd.* (西安易點優信網絡科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development And Consulting
Guangzhou Yidian Interconnection Technology Co., Ltd.* (廣州易點互聯科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Consulting and Software Development
Beijing Epandian Technology Co., Ltd.* (北京易盤點科技有限公司)	Mainland China	RMB1,000,000/ RMB10,000,000	100%	100%	100%	100%	IT Technology Development And Consulting
Beijing Yidian Zhikuai Technology Co., Ltd.* *(Note ii)* (北京易點致快科技有限公司)	Mainland China	Nil/ RMB2,000,000	100%	–	–	–	Computer Hardware and Software Development
Wuhan Yidian Zhikuai Technology Co., Ltd.* (武漢易點致快科技有限公司)	Mainland China	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	IT Technology Development and Consulting
Wuhan Yidian Youfu Technology Co., Ltd.* (武漢易點優服科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	Computer Hardware and Software Development
Nanjing Huaqingyidian Network Technology Co., Ltd.* (南京華清易點網絡科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development and Consulting
Shanghai Hongyi Technology Co., Ltd.* (上海竑易科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development and Consulting

Name of subsidiaries	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest attributable to the Company December 31, 2020	2021	2022	As at the date of this report	Principal activities
Chongqing Yidian Youxin Technology Co., Ltd.* (重慶易點優信網絡技術有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Consulting And Software Development
Tianjin Yidian Qingcheng Material Recycling Co., Ltd.* (天津易點清誠物資回收再利用有限公司)	Mainland China	RMB350,000/ RMB1,000,000	100%	100%	100%	100%	Recycling and Reuse of IT Devices
Hefei Diantao Network Technology Co., Ltd.* (合肥點淘網絡科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	Computer Hardware and Software Development
Shenzhen Yidianyouxin Technology Co., Ltd.* (深圳易點優信科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	Computer Hardware and Software Development
Suzhou Yidian Youfu Technology Co., Ltd.* (蘇州易點優服網絡科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development and Consulting
Chengdu Pengyi Technology Co., Ltd.* (成都鵬易科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	Computer Software Development and Services
Hangzhou Yunyi Jiuchuang Technology Co., Ltd.* (杭州雲易久創科技有限公司)	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development
Beijing Quanqing Xiangqian Technology Co., Ltd.* (北京全傾向前技術有限公司) *(Note iii)*	Mainland China	Nil/ RMB20,000,000	–	–	–	–	IT Technology Development and Consulting
Tianjin Huayi Investment Co., Ltd.* (天津華易投資有限公司) *(Note iv)*	Mainland China	Nil/ RMB400,000,000	–	–	100%	100%	Investment activities
Tianjin Huahong Technology Co., Ltd.* (天津華竑科技有限公司) *(Note v)*	Mainland China	Nil/ RMB400,000,000	–	–	100%	100%	IT Technology Development and Consulting
Beijing Ediantao *(Note i)*	Mainland China	RMB666,667/ RMB16,129,758.40	100%	100%	100%	100%	IT Devices Lease and Consulting

Name of subsidiaries	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest attributable to the Company December 31, 2020	2021	2022	As at the date of this report	Principal activities
Shanghai Yuyi Network Technology Co., Ltd.* (上海彧易網絡科技有限公司) *(Note i)*	Mainland China	Nil/ RMB1,000,000	100%	100%	100%	100%	IT Technology Development and Consulting
Shanghai Quanqing Youfu Technology Co., Ltd.* (上海全傾優服網絡科技有限公司) *(Note vi)*	Mainland China	Nil/ RMB1,000,000	–	–	100%	100%	IT Technology Development and Consulting
Yunshang Yilian Technology Co., Ltd.* (雲商易聯(北京)科技有限公司) *(Note viii)*	Mainland China	Nil/ RMB1,000,000	–	–	100%	100%	IT Technology Development and Consulting
Huaxia Edianyun Technology Co., Ltd.* (華夏易點雲(北京)科技有限公司) *(Note ix)*	Mainland China	Nil/ RMB1,000,000	–	–	100%	100%	IT Technology Development and Consulting
Sichuan Edianyun Network Technology Co., Ltd.* (四川易點雲網絡技術有限公司) *(Note x)*	Mainland China	Nil/ RMB100,000,000	–	–	–	100%	IT Technology Development and Consulting
Sichuan Yidian Anying Technology Co., Ltd.* (四川易點安盈科技有限公司) *(Note xi)*	Mainland China	Nil/ RMB2,000,000	–	–	–	100%	IT Technology Development and Consulting
Chengdu Youtu Edianyun Technology Co., Ltd.* (成都優服易點雲科技有限公司) *(Note xii)*	Mainland China	Nil/ RMB10,000,000	–	–	–	100%	IT Technology Development and consulting

Notes:

(i) As described in Note 2, before the completion of the Reorganisation, the Company does not have directly or indirectly legal ownership in equity of the structured entity or its subsidiary. Nevertheless, under certain Contractual Arrangements entered into with the equity holders of the structured entity, the Company and its legal owned subsidiary have power over the structured entity, have rights to variable returns from its involvement with the structured entity and has the ability to affect those returns through its power over the structured entity and is considered to have control over the structured entity. Consequently, the Company regards the structured entity as an indirect subsidiary of the Company.

(ii) Beijing Quanqing Ganxin Technology Co., Ltd. and Beijing Yidian Zhikuai Technology Co., Ltd. were deregistered on August 20, 2021.

(iii) Beijing Quanqing Xiangqian Technology Co., Ltd was deregistered on August 12, 2020.

(iv) Tianjin Huayi Investment Co., Ltd was established on February 8, 2022.

(v) Tianjin Huahong Technology Co., Ltd was established on February 14, 2022.

(vi) Shanghai Quanqing Youfu Technology Co., Ltd was established on March 31, 2022.

(vii) All In Service Hong Kong Limited was deregistered on March 18, 2022.

(viii) Yunshang Yilian Technology Co., Ltd. was established on August 4, 2022.

(ix) Huaxia Edianyun Technology Co., Ltd. was established on October 9, 2022.

(x) Sichuan Edianyun Network Technology Co., Ltd. was established on January 4, 2023.

(xi) Sichuan Yidian Anying Technology Co., Ltd. was established on February 9, 2023.

(xii) Chengdu Youtu Edianyun Technology Co., Ltd. was established on February 13, 2023.

The voting power of the subsidiaries held by the Company is the same with the ownership interest held by the Company.

The statutory financial statements of Beijing Ediantao for the year ended December 31, 2020 were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations applicable in the PRC and were audited by Beijing Qianke Certified Public Accountants (General Partnership)* (北京千科會計師事務所(普通合夥)), certified public accountants registered in the PRC. No audited statutory financial statements of Beijing Ediantao were available for the years ended December 31, 2021 and 2022 as there were no requirements to issue audited accounts by the local authorities.

The statutory financial statements of Beijing Epandian Technology Co., Ltd. for the year ended December 31, 2020, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations applicable in the PRC and were audited by Beijing Anzheng Certified Public Accountants Co., Ltd* (北京安正會計師事務所有限公司), certified public accountants registered in the PRC. No audited statutory financial statements of Beijing Epandian Technology Co., Ltd. were available for the years ended December 31, 2021 and 2022 as there were no requirements to issue audited accounts by the local authorities.

No audited statutory financial statements were available for the rest of the group entities during the Track Record Period as there were no requirements to issue audited accounts by the local authorities.

None of the subsidiaries had issued any debt securities, except for Beijing Ediantao which has issued convertible bonds and bond during the Track Record Period. The details of the convertible bonds and bond payable are set out in Notes 24 and 26.

* English names are for identification purpose only.

The Company

The carrying amounts of the Company's investments in subsidiaries:

	As at December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	825,388	1,248,474	1,844,750

The investments in subsidiaries of the Company mainly represented the capital injection to Edianzu HK and capitalization of deemed investment arising from granting share options to employees of subsidiaries amounted to RMB70,479,000, RMB78,218,000 and RMB94,727,000 as at December 31, 2020, 2021 and 2022.

36. SUBSEQUENT EVENTS

[On [●], the Company underwent the share subdivision whereby each issued and unissued share of nominal value USD0.0005 each in the Company's authorised share capital was subdivided into 10 shares of USD0.00005 nominal value each.]

37. SUBSEQUENT FINANCIAL STATEMENTS

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