The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

Introduction

We report on the historical financial information of ZX Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 (the "Relevant Periods"), the consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 April 2023 and the statements of financial position of the Company as at 31 December 2021 and 2022 and 30 April 2023 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] 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 the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error.

In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 April 2023 and the financial position of the Company as at 31 December 2021 and 2022 and 30 April 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2022 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends had been paid or declared by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Certified Public Accountants
Hong Kong
[DATE]

HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
REVENUE	5	2,872,393	5,735,718	8,817,221	2,846,654	2,448,345
Cost of sales		(433,029)	(997,359)	(2,407,531)	(738,374)	(799,741)
Gross profit		2,439,364	4,738,359	6,409,690	2,108,280	1,648,604
Other income and gains	5	130,479	120,056	292,600	87,379	396,629
Selling and distribution expenses		(1,916,710)	(3,851,197)	(5,622,406)	(1,919,143)	(1,391,649)
Administrative expenses		(1,349,545)	(106,779)	(175,696)	(44,127)	(85,796)
Research and development costs		(472,383)	(136,948)	(157,738)	(47,289)	(57,686)
Impairment losses on financial assets, net		5,373	864	(2,219)	(911)	(1,889)
Other expenses		(2,237)	(16,463)	(8,330)	(10,255)	(102,951)
Finance costs	7	(51,643)	(56,032)	(107,878)	(28,909)	(36,503)
Share of profits and losses of:						
Joint ventures		(2,359)	4,217	7,430	882	(484)
Associates		(4,184)	(15,946)	(33,878)	(6,806)	(11,516)
PROFIT/(LOSS) BEFORE TAX	*6*	(1,223,845)	680,131	601,575	139,101	356,759
Income tax expense	*10*	(77,258)	(63,690)	(110,053)	(14,518)	(114,655)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		(1,301,103)	616,441	491,522	124,583	242,104
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(1,301,103)	616,441	491,522	124,583	242,104
Attributable to:						
Owners of the parent		(1,301,103)	615,911	514,067	124,732	219,959
Non-controlling interests		–	530	(22,545)	(149)	22,145
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB)	*12*	N/A	N/A	9.65	N/A	0.44
Diluted (RMB)	*12*	N/A	N/A	9.60	N/A	0.44

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	Notes	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property and equipment	*13*	24,571	45,231	79,169	183,802
Right-of-use assets	*14*	128,350	189,404	180,229	141,013
Goodwill	*15*	–	42,499	42,499	42,499
Other intangible assets	*16*	6,897	33,827	43,734	38,350
Investment in joint ventures	*17*	268,041	259,758	267,188	266,704
Investment in associates	*18*	5,816	4,870	5,992	4,276
Deferred tax assets	*27*	5,867	40,917	47,857	48,443
Prepayments, other receivables and other assets	*21*	239,473	117,636	119,183	161,768
Pledged deposits	*22*	876,395	2,022,247	3,395,558	3,006,106
Restricted cash	*22*	17,943	10,000	–	–
Total non-current assets		1,573,353	2,766,389	4,181,409	3,892,961
CURRENT ASSETS					
Inventories		–	1,020	4,424	2,612
Trade receivables	*20*	221,996	271,086	426,817	308,273
Prepayments, other receivables and other assets	*21*	393,384	375,693	667,323	669,602
Amounts due from related parties	*36*	99,766	95,000	16,981	16,981
Financial assets at fair value through profit or loss	*19*	550,446	1,089,969	1,271,335	1,277,878
Pledged deposits	*22*	544,762	1,239,799	3,006,801	3,605,530
Restricted cash	*22*	84,933	25,863	10,394	39,190
Cash and cash equivalents	*22*	393,472	693,608	213,422	399,270
Total current assets		2,288,759	3,792,038	5,617,497	6,319,336
CURRENT LIABILITIES					
Trade payables	*23*	275,562	560,035	523,649	532,211
Bills payables	*24*	1,729,989	3,422,140	5,640,211	5,861,676
Other payables and accruals	*25*	961,077	943,124	901,219	840,727
Interest-bearing bank borrowings	*26*	–	89,950	555,844	442,716
Lease liabilities	*14*	2,134	27,793	21,247	19,010
Amounts due to related parties	*36*	–	64	–	-
Tax payable		93,691	146,872	247,796	346,807
Total current liabilities		3,062,453	5,189,978	7,889,966	8,043,147
NET CURRENT LIABILITIES		(773,694)	(1,397,940)	(2,272,469)	(1,723,811)
TOTAL ASSETS LESS CURRENT LIABILITIES		799,659	1,368,449	1,908,940	2,169,150
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	137,177	182,508	190,754	153,061
Provision	*28*	300	11,710	9,150	3,150
Total non-current liabilities		137,477	194,218	199,904	156,211
Net assets		662,182	1,174,231	1,709,036	2,012,939
EQUITY					
Equity attributable to owners of the parent					
Share capital	*29*	–	–	74	74
Treasury shares	*29*	–	–	(3)	(3)
Reserves	*31*	662,182	1,177,713	1,731,686	2,022,754
		662,182	1,177,713	1,731,757	2,022,825
Non-controlling interests		–	(3,482)	(22,721)	(9,886)
Total equity		662,182	1,174,231	1,709,036	2,012,939

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve	Statutory surplus reserve	Share incentive reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total Equity
	RMB'000 (note 29)	*RMB'000 (note 29)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020									
At 1 January 2020	–	–	10,000	5,000	285,412	(153,241)	147,171	–	147,171
Loss for the year	–	–	–	–	–	(1,301,103)	(1,301,103)	–	(1,301,103)
Total comprehensive loss for the year	–	–	–	–	–	(1,301,103)	(1,301,103)	–	(1,301,103)
Equity-settled share award arrangements (note 30)	–	–	–	–	1,816,114	–	1,816,114	–	1,816,114
At 31 December 2020	–	–	10,000*	5,000*	2,101,526*	(1,454,344)*	662,182	–	662,182
Year ended 31 December 2021									
At 1 January 2021	–	–	10,000	5,000	2,101,526	(1,454,344)	662,182	–	662,182
Profit for the year	–	–	–	–	–	615,911	615,911	530	616,441
Total comprehensive income for the year	–	–	–	–	–	615,911	615,911	530	616,441
Dividends paid to the then shareholders of a subsidiary	–	–	–	–	–	(100,000)	(100,000)	–	(100,000)
Addition of non-controlling interests	–	–	(380)	–	–	–	(380)	390	10
Acquisition of subsidiaries	–	–	–	–	–	–	–	(4,402)	(4,402)
At 31 December 2021	–	–	9,620*	5,000*	2,101,526*	(938,433)*	1,177,713	(3,482)	1,174,231
Year ended 31 December 2022									
At 1 January 2022	–	–	9,620	5,000	2,101,526	(938,433)	1,177,713	(3,482)	1,174,231
Profit for the year	–	–	–	–	–	514,067	514,067	(22,545)	491,522
Total comprehensive income for the year						514,067	514,067	(22,545)	491,522
Issue of ordinary shares	74	(3)	–	–	–	–	71	–	71
Equity-settled share option arrangements	–	–	–	–	42,883	–	42,883	–	42,883
Changes in non-controlling interests without loss of control	–	–	(233)	–	–	–	(233)	562	329
Capital injection in non-wholly owned subsidiaries	–	–	(2,744)	–	–	–	(2,744)	2,744	–
At 31 December 2022	74	(3)	6,643*	5,000*	2,144,409*	(424,366)*	1,731,757	(22,721)	1,709,036

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent								
	Share capital	**Treasury shares**	**Capital reserve**	**Statutory surplus reserve**	**Share incentive reserve**	**(Accumulated losses)/ retained profits**	**Total**	**Non-controlling interests**	**Total Equity**
	RMB'000 (note 29)	*RMB'000 (note 29)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2023									
At 1 January 2023	74	(3)	6,643	5,000	2,144,409	(424,366)	1,731,757	(22,721)	1,709,036
Profit for the period	–	–	–	–	–	219,959	219,959	22,145	242,104
Total comprehensive income for the period	–	–	–	–	–	219,959	219,959	22,145	242,104
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(9,800)	(9,800)
Equity-settled share option arrangements	–	–	–	–	70,599	–	70,599		70,599
Changes in non-controlling interests without loss of control	–	–	510	–	–	–	510	490	1,000
At 30 April 2023	74	(3)	7,153*	5,000*	2,215,008*	(204,407)*	2,022,825	(9,886)	2,012,939
Four months ended 30 April 2022 (UNAUDITED)									
At 1 January 2022	–	–	9,620	5,000	2,101,526	(938,433)	1,177,713	(3,482)	1,174,231
Profit for the period	–	–	–	–	–	124,732	124,732	(149)	124,583
Total comprehensive income for the period	–	–	–	–	–	124,732	124,732	(149)	124,583
Changes in non-controlling interests without loss of control	–	–	–	–	–	–	–	29	29
At 30 April 2022	–	–	9,620	5,000	2,101,526	(813,701)	1,302,445	(3,602)	1,298,843

* These reserve accounts comprise the consolidated reserves of RMB662,182,000, RMB1,177,713,000, RMB1,731,686,000 and RMB2,022,754,000 in the consolidated statements of financial position as at 31 December 2020, 2021, 2022 and 30 April 2023 respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	*6*	(1,223,845)	680,131	601,575	139,101	356,759
Adjustments for:						
Finance costs	*7*	51,643	56,032	107,878	28,909	36,503
Foreign exchange (gain)/loss net	*6*	(511)	(219)	(1,224)	(1,562)	702
Bank interest income	*5*	(34,108)	(94,394)	(189,125)	(38,276)	(54,728)
Share of profits and losses of joint ventures and associates		6,543	11,729	26,448	5,924	12,000
Loss/(gain) on disposal of subsidiaries	*6*	18	(4)	(621)	–	–
(Gain)/loss on disposal of financial assets at fair value through profit or loss	*6*	(59,175)	2,628	(29,796)	8,922	(327,004)
Fair value (gain)/loss on financial assets at fair value through profit or loss	*6*	(6,294)	(971)	(12,467)	(27,803)	99,209
Equity-settled share-based payment expenses	*6*	1,816,114	–	42,883	–	70,599
Impairment of trade receivables, net	*6*	(5,373)	(5,711)	615	(31)	(51)
Impairment of financial assets included in other receivables	*6*	–	4,847	1,604	942	1,940
Loss on disposal of items of property and equipment	*6*	89	74	4	–	668
Gain on lease modification	*6*	(96)	(37)	(2,708)	(199)	(3,908)
Depreciation of property and equipment	*13*	7,505	6,452	14,364	4,504	6,679
Depreciation of right-of-use assets	*6*	9,406	18,566	31,065	10,196	8,138
Amortisation of other intangible assets	*16*	872	28,401	50,777	26,117	11,930
Impairment of property and equipment	*6*	–	–	5,479	–	–
Increase in inventories		–	(1,020)	(3,404)	(922)	1,812
(Increase)/decrease in trade receivables		(132,118)	14,820	(156,346)	(145,035)	118,595
Decrease/(increase) in prepayments, other receivables and other assets		107,932	199,532	(235,054)	(354,208)	(113,403)
Increase in amounts due from related parties		–	–	(16,981)	–	–
(Decrease)/increase in trade payables		(94,717)	83,844	(36,386)	64,176	8,562
(Decrease)/increase in bills payables		(996,856)	1,692,151	2,218,071	980,789	221,465
Increase /(decrease) in other payables and accruals		352,240	(49,884)	(41,988)	562,975	(67,992)
Increase /(decrease) in amounts due to related parties		–	64	(64)	(18)	–
(Increase)/decrease in restricted cash		(50,000)	70,900	9,100	6,262	(1,415)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash generated from operations		(250,731)	2,717,931	2,383,699	1,270,763	387,060
Interest received		3,014	6,953	6,065	1,954	1,256
Interest paid		(45,430)	(47,946)	(89,893)	(24,869)	(31,628)
Income tax paid		(8,380)	(42,107)	(17,350)	(85)	(16,230)
Net cash flows (used in)/generated from operating activities		(301,527)	2,634,831	2,282,521	1,247,763	340,458

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		31,094	87,340	183,060	36,322	53,472
Dividends received from a joint venture		600	700	–	–	–
Purchases of items of property and equipment		(45,065)	(26,312)	(124,132)	(5,442)	(5,368)
Proceeds from disposal of items of property and equipment		1,157	3,637	338	21	2,764
Additions to other intangible assets		–	(23,127)	(45,684)	(45,235)	(6,546)
Acquisition of subsidiaries	*32*	–	32,118	–	–	–
Purchase of investments in joint ventures		(263,800)	–	–	–	–
Purchases of investments in associates		(10,000)	(13,250)	(35,000)	(24,800)	(9,800)
Disposal of an investment in a joint venture		–	1,800	–	–	10,000
Purchase of financial assets at fair value through profit or loss		(2,645,067)	(3,880,624)	(7,053,071)	(3,446,316)	(1,467,380)
Disposal of financial assets at fair value through profit or loss		4,738,807	3,351,444	6,913,968	2,945,692	1,688,632
Advance of loans to related parties		(98,766)	–	–	–	–
Repayment of loans from related parties		–	4,766	95,000		–
Increase in pledged time deposits		(1,019,233)	(1,840,889)	(3,140,313)	(1,444,390)	(209,277)
Net cash flows from/(used in) investing activities		689,727	(2,302,397)	(3,205,834)	(1,984,148)	56,497

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment for deferred **[REDACTED]** expenses		–	(1,613)	(4,773)	(1,193)	(2,505)
New bank loans		–	91,249	856,070	400,522	52,995
Repayment of bank loans		–	–	(385,568)	–	(166,169)
Interest paid		–	(1,308)	(12,577)	(4,725)	(1,782)
Principal portion of lease payments	14	(6,373)	(8,662)	(16,507)	(3,363)	(4,146)
Interest portion of lease payments		(6,213)	(8,077)	(10,016)	(3,323)	(3,047)
Prepayment for right-of-use assets		–	–	–	–	(44,121)
Proceeds from issue of ordinary shares		–	–	74	–	–
Capital injection from non-controlling shareholders		–	–	–	–	1,000
Dividends paid to the then shareholders of a subsidiary	*11*	–	(100,000)	–	–	–
Dividends paid to non-controlling shareholders		–	–	–	–	(9,800)
(Increase)/decrease in restricted cash		(12,876)	(3,887)	16,369	16,302	(27,381)
Decrease/(increase) in rental deposit		–	–	55	(112)	(6,151)
Net cash flows (used in)/from financing activities		(25,462)	(32,298)	443,127	404,108	(211,107)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		362,738	300,136	(480,186)	(332,277)	185,848
Cash and cash equivalents at beginning of year/period		30,734	393,472	693,608	693,608	213,422
Effect of foreign exchange rate changes, net		–	–	–	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		393,472	693,608	213,422	361,331	399,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Unrestricted cash and bank balances		393,472	693,608	213,422	361,331	399,270
Time deposits with original maturity of less than three months		–	–	–		
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	22	393,472	693,608	213,422	361,331	399,270

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 December 2021**	**As at 31 December 2022**	**As at 30 April 2023**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investment in subsidiaries		–	42,883	113,482
Total non-current assets		–	42,883	113,482
CURRENT ASSETS				
Prepayments	21	1,613	6,386	8,892
Due from subsidiaries	36	–	5	–
Cash and cash equivalents		–	180	890
Total current assets		1,613	6,571	9,782
CURRENT LIABILITIES				
Other payables and accruals	25	–	45,463	2,046
Due to subsidiaries	36	12,760	1,966	50,556
Total current liabilities		12,760	47,429	52,602
NET CURRENT LIABILITIES		(11,147)	(40,858)	(42,820)
TOTAL ASSETS LESS CURRENT LIABILITIES		(11,147)	2,025	70,662
Net liabilities/assets		(11,147)	2,025	70,662
EQUITY				
Share capital	29	–	74	74
Treasury shares	29	–	(3)	(3)
(Deficits)/Reserves		(11,147)	1,954	70,591
Total equity		(11,147)	2,025	70,662

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 18 March 2021 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. The registered address of the office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Island.

The principal activity of the Company is investment holding. During the Relevant Periods, the Company's subsidiaries are principally engaged in providing product marketing and operation services to online games in the People's Republic of China (hereafter, the "PRC").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure – Corporate Reorganisation" in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jiangxi Tanwan Information Technology Co., Ltd. ("江西貪玩信息技術有限公司") ("Jiangxi Tanwan")^*(note(a))*	21 May 2015 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hong Kong Tanwan Information Technology Co.,Limited ("香港貪玩信息技術有限公司") ("HK Tanwan") *(note(b))*	24 May 2016 Hong Kong	HKD1,000,000	100	–	Game marketing and operation
Poyang Weiru Information Technology Co., Ltd. ("鄱陽縣偉如信息技術有限公司") ("Poyng Weiru")^*(note(e))*	13 March 2017 PRC/Mainland China	RMB1,000,000	–	70	Game marketing and operation

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Tanwan Information Technology Co., Ltd. ("廣州貪玩信息技術有限公司") ("Guangzhou Tanwan")^*(note(c))*	28 July 2017 PRC/Mainland China	RMB1,000,000	–	99	Game marketing and operation
Poyang Tanwan Information Technology Co., Ltd. ("鄱陽縣貪玩網絡科技有限公司") ("Poyang Tanwan")^*(note(e))*	1 December 2017 PRC/ Mainland China	RMB5,050,505	–	100	Game marketing and operation
Guangzhou Bajiuyou Network Technology Co., Ltd. ("廣州八九遊網絡科技有限公司") ("Guangzhou Bajiuyou")^*(note(d))*	5 December 2017 PRC/ Mainland China	RMB10,000,000	–	51	Game marketing and operation
Guangzhou Chichi Network Technology Co., Ltd. ("廣州吃吃網絡科技有限公司") ("Guangzhou Chichi")^*(note(e))*	19 June 2018 PRC/Mainland China	RMB2,000,000	–	100	Sales of products
Hainan Zhangwan Network Technology Co., Ltd. ("海南掌玩網絡科技有限公司") ("Hainan Zhangwan")^*(note(e))*	14 April 2020 PRC/Mainland China	RMB2,040,816	–	51	Game marketing and operation
Guangzhou Feifan Information Technology Co., Ltd. ("廣州菲凡信息科技有限公司") ("Guangzhou Feifan")^*(note(e))*	9 June 2020 PRC/Mainland China	RMB20,408,163	–	51	Game marketing and operation

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guanzhou Zhongxu Digital Information Technology Co.,Ltd. ("廣州中旭數科信息科技有限公司") ("Guangzhou Zhongxu")^*(note(e))*	27 September 2020 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hainan Tanwan Information Technology Co., Ltd. ("海南貪玩信息技術有限公司") ("Hainan Tanwan")^*(note(e))*	4 November 2020 PRC/Mainland China	RMB1,000,000	–	100	Game marketing and operation
Shanghai Tanwan Legend Information Technology Co., Ltd. ("上海貪玩傳奇信息技術有限公司") ("Shanghai Tanwan Legend")^ *(note(e))*	1 December 2020 PRC/ Mainland China	RMB10,000,000	–	100	Game marketing and operation
Shangrao Guangfeng Tanwan Network Technology Co.,Ltd.. ("上饒市廣豐區貪玩網絡科技有限公司") ("Shangrao Tanwan")^*(note(d))*	29 January 2021 PRC/Mainland China	RMB10,000,000	–	100	Game marketing and operation
Hong Kong 9 Ring Network Co., Limited ("香港九環網絡有限公司") ("HK 9 Ring") *(note(b))*	9 February 2021 Hong Kong	HKD20,000,000	51	–	Game marketing and operation
ZX Interactive Limited ("ZX BVI") *(note(e))*	30 March 2021 British Virgin Islands	USD1	100	–	Game marketing and operation
ZX Data Limited ("中旭數據有限公司") ("ZX HK") *(note(e))*	16 April 2021 Hong Kong	HKD1	100	–	Game marketing and operation

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Zhongxu Future Technology Co., Ltd. ("廣州中旭未來科技有限公司") ("ZX WFOE")^*(note(a))*	26 May 2021 PRC/Mainland China	RMB10,000,000	100	–	Other marketing services
Guangzhou Zhongxu BroKooLi Culture and Entertainment Co., Ltd. ("廣州中旭西蘭花文化娛樂有限公司") ("ZX Entertainment")^*(note(e))*	28 September 2021 PRC/Mainland China	RMB1,000,000	–	100	Sales of products
Guangzhou Happy Time Digital Technology Co., Ltd. ("廣州歡樂時光數字科技有限公司") ("Guangzhou Huanle")^*(note(e))*	12 November 2021 PRC/Mainland China	RMB10,000,000	–	51	Game marketing and operation
Guangzhou Hehe Information Technology Co., Ltd. ("廣州喝喝信息技術有限公司") ("Guangzhou Hehe")^*(note(e))*	6 January 2022 PRC/Mainland China	RMB2,000,000	–	100	Sales of products
Guangzhou Tanwan Mobile Game Network Technology Co., Ltd. ("廣州貪玩手遊網絡科技有限公司") ("Guangzhou Tanwan Mobile Game")^*(note(e))*	8 March 2022 PRC/Mainland China	RMB10,000,000	–	51	Game marketing and operation
Guangzhou Future Industry Service Co., Ltd. ("廣州未來產業服務有限公司") ("Guangzhou Future Industry")^ *(note(e))*	26 April 2022 PRC/Mainland China	RMB70,000,000	–	100	Real estate
Guangzhou Zhongxu Industry Service Co., Ltd. ("廣州中旭產業服務有限公司") ("ZX Industry")^*(note(e))*	26 April 2022 PRC/Mainland China	RMB55,000,000	–	100	Real estate

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Wanxin Information Technology Co., Ltd. ("廣州玩心信息技術有限公司") ("Guangzhou Wanxin")^*(note(e))*	12 May 2022 PRC/Mainland China	RMB1,000,000	–	51	Game marketing and operation
Hong Kong Happy Time Interactive Limited ("香港歡樂時光互娛有限公司") ("Hong Kong Happy Time") *(note(e))*	30 May 2022 Hong Kong	HKD100,000	100	–	Game marketing and operation
Hong Kong 5 Ring Network Co., Limited ("香港五環網絡有限公司") ("HK 5 Ring") *(note(e))*	23 June 2022 Hong Kong	HKD500,000	51	–	Game marketing and operation
Guangzhou Tanwan Information Technology Co., Ltd. ("廣州貪碗信息技術有限公司") ("Guangzhou Tan Bowl")^*(note(e))*	15 September 2022 PRC/ Mainland China	RMB2,000,000	–	100	Sales of products
Guangzhou Tongchuang Future Information Technology Co., Ltd. ("廣州同創未來信息技術有限公司") ("Guangzhou Tongchuang")^*(note(e))*	8 March 2023 PRC/Mainland China	RMB900,000,000	–	100	Other marketing services

(a) These entities are registered as limited liability companies under PRC law. The statutory financial statements of Jiangxi Tanwan for the years ended 31 December 2020, 2021 and 2022 and the statutory financial statement of ZX WFOE, a wholly-foreign-owned enterprise registered under PRC law, from its date of establishment to 31 December 2021 and the year ended 31 December 2022 prepared under PRC Generally Accepted Accounting Principles were audited by Guangzhou Huasui Certified Public Accountants Ltd. (廣州市華穗會計師事務所有限公司) and by Guangzhou Zhengyang Certified Public Accountants GP (廣州正揚會計師事務所（普通合夥）), certified public accountants registered in the PRC, respectively.

(b) These entities are registered as limited liability companies under Hong Kong law. The statutory financial statements of HK Tanwan for the years ended 31 December 2020 and 2021 and those of HK 9 Ring from its date of establishment to 31 December 2021 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by CHENG MING KEI, certified public accountant (practising) registered in Hong Kong.

(c) This entity is registered as limited liability company under PRC law. The statutory financial statements of Guangzhou Tanwan for the years ended 31 December 2020, 2021 and 2022 prepared under PRC Generally Accepted Accounting Principles were audited by Guangdong Zhonghaiyue Certified Public Accountants (廣東中海粵會計師事務所有限公司), Guangzhou Huasui Certified Public Accountants Ltd. (廣州市華穗會計師事務所有限公司) and Guangzhou Zhengyang Certified Public Accountants GP (廣州正揚會計師事務所（普通合夥）), certified public accountants registered in the PRC, respectively.

(d) These entities are registered as limited liability company under PRC law. The statutory financial statements of Guangzhou Bajiuyou for the year ended 31 December 2021 and 2022 and the statutory financial statements of Shangrao Tanwan for the year ended 31 December 2022 prepared under PRC Generally Accepted Accounting Principles were audited by Guangzhou Reputation Union Certified Public Accountants GP (廣州至信永聯會計師事務所（普通合夥）) and by Guangzhou Zhengyang Certified Public Accountants GP (廣州正揚會計師事務所（普通合夥）), certified public accountants registered in the PRC, respectively.

(e) No audited financial statements have been prepared for these entities since their dates of incorporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation or newly incorporated.

^ The English names of these subsidiaries registered in Mainland China represent the translated names of these companies as no English names have been registered.

Hainan Zhangwan, Guangzhou Bajiuyou and Guangzhou Chichi were acquired by the Group in March 2021, June 2021 and September 2021, respectively. Details in relation to the acquisitions are set out in note 32 to the Historical Financial Information. The financial results of these companies were included in the Historical Financial Information since the date of acquisition.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed "History, Reorganisation and Corporate Structure– Corporate Reorganisation" in the Document, the Company became the holding company of the companies now comprising the Group on 22 November 2022.

Jiangxi Tanwan and its subsidiaries (collectively the "PRC Operating Entities") are engaged in online game operation business, which was prohibited or restricted from foreign ownership due to regulatory restrictions in the PRC. ZX WFOE (the "WFOE"), a wholly-owned subsidiary of the Company, has entered into the contractual arrangements (the "Contractual Arrangements") with, among others, the PRC Operating Entities and their respective equity holders. The Contractual Arrangements enable ZX WFOE to exercise effective control over the PRC Operating Entities and obtain substantially all economic benefits of the PRC Operating Entities.

Accordingly, the PRC Operating Entities are controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in the PRC Operating Entities. Details of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangements" in the Document.

The Reorganisation only involved inserting new holding entities, including ZX WFOE, at the top of Jiangxi Tanwan, the then holding company of the Group, and has not resulted in any change of economic substances. Accordingly, for the purpose of this report, the Historical Financial Information has been presented as a continuation of Jiangxi Tanwan and its subsidiaries by applying the principles of merger accounting as if the Company had been the holding company of Jiangxi Tanwan and its subsidiaries at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date of incorporation of the subsidiaries, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2020, 2021, 2022 and 30 April 2023 have been prepared to present the assets and liabilities of the subsidiaries now comprising the Group using the existing book values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the reorganisation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The Group recorded net current liabilities of RMB1,723,811,000 as at 30 April 2023, which was primarily due to certain of the Group's interest-bearing bank borrowings and bills payables being secured by long term fixed deposits of RMB3,107,857,000 that can be used to settle the Group's current liabilities before maturity. The directors of the Group have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the long term fixed deposits available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the Historical Financial Information has been prepared on a going concern basis.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the preparation of the Historical Financial Information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1,2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]

1 Effective for annual periods beginning on or after 1 January 2024

2 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group has expected that these standards will not have significant effect on the Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee;

b. rights arising from other contractual arrangements; and

c. the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividend received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries arising from the Reorganisation

The PRC Operating Entities have entered into Contractual Arrangements with, among others, the WFOE and the registered equity holders of the PRC Operating Entities. The Contractual Arrangements became effective on 22 November 2022. In particular, the WFOE undertakes to provide the PRC Operating Entities with certain consultancy and technical services as required to support their operations. In return, the WFOE is entitled to substantially all of the operating profits and residual benefits generated by the PRC Operating Entities through intercompany charges levied on these services rendered.

The registered equity holders of the PRC Operating Entities are also required to transfer its interests in the PRC Operating Entities to the WFOE or the designee appointed by the WFOE upon a request made by the WFOE when permitted by the PRC laws. The equity interests in the PRC Operating Entities have also been pledged by the registered equity holders to the WFOE in respect of the continuing obligations of the PRC Operating Entities. Accordingly, the Group has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power, and thus control over the PRC Operating Entities.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.99%
Electronic devices	32%
Furniture and fixtures	19%
Motor vehicles	24%
Leasehold improvements	Shorter of estimated useful lives or remaining lease terms

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Copyright

Copyright, hereby, refers to the legal right of game software belonging to the Group. The copyright is amortised on a straight-line basis over the life cycle of the specific game, which lasts for at least 2 years.

Game Operation Agreements

Game Operation Agreements are stated at cost less any impairment loss and are amortised on a straight-line basis over the expected economic life of 1 to 3 years..

Computer software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful life of 2 to 3 years.

Domain names

Domain names are initially recognised and measured at costs incurred to acquire and bring to use them. The costs are amortised on a straight-line basis over the domain names' estimated useful lives of not exceeding 10 years, which is determined by the shorter of the registered license years and expected usage period.

Research and development costs

All research costs are charged to the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases 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 an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, and other payables and accruals, Amounts due to related parties, lease liabilities, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practises prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when or as the control of the goods or services is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Game marketing and operation

Most of the online games that the Group markets or operates are under free-to-play basis whereby the players can play the game free of charge and are charged for purchase of virtual items in the game. Such payments are generally non-refundable and non-cancellable. The game products are either i) authorised by third-party game developers or publishers ("Authorised Games") or ii) self-owned ("Self-owned Game").

i) Authorised games

When the Group markets and operates an online game product pursuant to a business arrangement under which a third-party game developer authorises the Group to conduct precision marketing, publishing and payment channel operation and/or brand development services, the Group considers the game developer as the customer and regard itself as the agent of the game developer in dealing with the end-users of the game product because (i) the game developer is responsible for providing game products, and embracing the right to authorise the Group to provide services; (ii) the game developer is responsible for the development, upgrade, update and maintenance of the game; (iii) the game developer independently sets the prices of virtual items in the game, and is responsible for the generation, transfer, operation and destruction of virtual items; and (iv) the game developer is responsible for hosting and maintaining the game server.

Pursuant to service agreement between the Group and the third-party game developer, the Group charges the game developer a service fee based on certain percentage of the gross amounts that the end players pay for the purchase of the virtual items in the game. The Group recognises the service revenue on a net basis which equals to the gross amounts collected from the end players less the amounts shared by the game developer when the end-users pay for purchase of the in-game virtual items and when such amounts are determinable.

In certain agreements where the Group provides marketing and operation support services to third party publishers who have obtained the game authorisation from game developers, the publishers are responsible for precision marketing, publishing and payment channel operation and/or brand development services and the Group only charges the publishers a service fee based on certain percentage of the gross amounts that the end players pay for the purchase of the virtual items in the games. The Group considers the publishers as the customers and regard itself as the agent of the publishers in providing marketing and operation services to the game developers. The Group recognises revenue on a net basis which equals to the amount charged to the publishers.

In certain agreements with the third-party game developer, the Group is entitled to additional bonus based on the actual marketing performance. Revenue from such additional bonus is recognised when the amount is determined and confirmed by the customers.

ii) Self-owned game

Starting from January 2022, the Group markets and operates self-owned game product. Under such circumstance, as the Group is solely responsible for the game product development, maintenance, price setting and game server, the Group considers itself the principal of the game product and the end players as the customers. The Group has determined that it is obligated to provide on-going services to the end-users who make payments to gain an enhanced game playing experience over the playing period, and accordingly the Group recognised the revenue ratably over the estimated average playing period of these paying end-users ("Player Relation Period"), starting from the point in time when the purchase of in-game virtual items is made, and all the other revenue recognition criteria are met. The Group estimate the Player Relation Period of a game based on historical data statistics of the paying players and re-assesses such period semi-annually.

The Group may market or operate the online game products (including both Authorised Games and Self-owned game) through self-run model and joint-run model.

Under the self-run model, the Group conducts marketing, publishing and payment channel operation and/or brand development services on its own. The Group is responsible for identifying, contracting with the payment channels (primarily Weixin pay, Alipay, Apple pay) and the media platforms. Commissions paid to the payment channels are included in cost of sales and the marketing costs paid to the media platforms are included in selling expenses except for the marketing fees calculated based on pay-to-sale which are included in cost of sales.

Under the joint-run model, the Group involves collaborated distribution platforms to serve as both an end-user acquisition channel and a strategic partner with the Group to joint-run the authorised game products, a portion of the gross amounts paid by the end-users are withheld directly by the collaborating distribution platforms (primarily mobile application stores) pursuant to the business arrangement with such collaborating distribution platforms. The Group records the amount withheld by the collaborating distribution platforms under the joint-run model as part of cost of sales.

Other marketing services

Other marketing services are provided primarily for the developer of non-gaming applications (mainly literature products). Therefore, the Group considers the third-party literature content providers as its customer and itself as an agent in its arrangement with both the third-party content creators and the online literature readers. The Group recognised the service revenue on a net basis which equals to the gross amounts collected from the online literature readers less the amounts shared by the literature content providers when the readers subscribe pay-to-read services and when such amounts are determinable.

Sales of products

The Group sells consumer products, mainly contain rice noodle products and other fast consumer foods under the self-own brand "Zha Zha Hui", to the end customers over third-party online retail platforms such as Douyin ("抖音") and to the distributors.

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on the receipt and acceptance of products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract cost

Costs incurred to obtain a contract that are not incremental costs are required to be expensed as incurred, unless they are explicitly chargeable to the customer (regardless of whether the contract is obtained). Any capitalised contract costs are amortised, with the expense recognised on a systematic basis that is consistent with the entity's transfer control of the related goods or services to the customer.

Share-based payments

The Group operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow method and a binomial model, further details of which are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognise restructuring costs involving the payment of termination benefits.

Housing fund - Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Principal versus agent considerations

The Group determines whether it is a principal or an agent in providing marketing and operating services by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised services before transferring the services to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains profits agency services if its role is to arrange to provide the services. To assess whether the Group controls the services before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group is (i) the primary obligor in the arrangement, (ii) has general inventory risk, (iii) has discretion in establishing the selling price.

Contingent liabilities on pending litigations

The Group has several pending litigations with regards to game products operated by the Group in the PRC. The Group recognised a provision for the estimated amounts to settle the obligations based on all the available information and the advice from legal counsels. If the final outcomes of these pending litigations are different with management's estimation, there will be adjustments to the amounts provided.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends. Withholding tax is provided for the profits of the subsidiaries which the Group considers it probable to be distributed in the foreseeable future. Further details are included in note 27 to the Historical Financial Information.

Contractual Arrangements

The PRC Operating Entities are mainly engaged in the provision of product marketing and operation services to online games in the PRC, which falls in the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited to invest.

As disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over the PRC Operating Entities and enjoys substantially all economic benefits of the PRC Operating Entities through the Contractual Arrangements.

The Group considers that it controls the PRC Operating Entities, notwithstanding the fact that it does not hold direct equity interest in the PRC Operating Entities, as it has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities through the Contractual Arrangements. Accordingly, the PRC Operating Entities have been accounted as subsidiaries during the Relevant Periods. The Group has consolidated the financial position and results of the PRC Operating Entities in the Historical Financial Information.

Estimation uncertainty

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

Estimate of the Player Relation Period for revenue from self-owned game operation

As described in note 2.4 to the Historical Financial Information, revenue from self-owned game are recognised over the Player Relation Period. The Group estimates the Player Relation Period of a game based on historical data statistics of the paying players and re-assesses such period semi-annually. While the group believes its estimates to be reasonable, it may revise such estimate in the future as there is any important changes in game player behaviour patterns, games' operation periods and other aspects.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2020, 2021, 2022 and 30 April 2023 were nil, RMB42,499,000, RMB42,499,000 and RMB42,499,000 respectively. Further details are given in note 15 to the Historical Financial Information.

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables are disclosed in note 20 and note 21 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of investment in joint ventures and associates

The Group determined whether there are indicators of impairment for investments in joint ventures and associates at the end of each reporting period. Indicators of impairment included, but not limited to serious deterioration of financial condition of the joint ventures and associates, significant drop in share prices, adverse changes in the industry market environment and other circumstances indicated that joint ventures and associates are unable to generate economic benefits for the Group. When such an indicator exists, the Group tested its investments in joint ventures and associates for impairment by comparing the estimated recoverable amounts with the carrying amounts. An impairment exists when the carrying value of investments in joint ventures and associates exceeds its recoverable amount.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses were nil, RMB35,358,000, RMB19,912,000 and RMB3,162,000 at 31 December 2020, 2021, 2022 and 30 April 2023, respectively. Further details are contained in note 27 to the Historical Financial Information.

Fair value of share-based payments

The equity-settled share-based payments were estimated based on fair value of the awards as at the date of grant using valuation model depending on the terms and conditions of the grant. This requires the Group to determine the most appropriate inputs to the valuation model and make assumptions about them. Further details are included in note 30 to the Historical Financial Information.

Useful lives of intangible assets

Amortisation is calculated on the straight-line basis to write off the cost of each item of intangible asset to its residual value over its estimated useful life. The estimated useful lives and dates that the Group places the items of assets into productive use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets.

4. OPERATING SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Mainland China	2,872,393	5,735,718	8,638,210	2,822,123	2,362,927
Hong Kong	-	-	179,011	24,531	85,418
	2,872,393	5,735,718	8,817,221	2,846,654	2,448,345

(b) Non-current assets

As at 31 December 2020, 2021, 2022 and 30 April 2023, substantially all of the non-current assets of the Group were located in the PRC.

Information about major customers

During the year ended 31 December 2020, revenues of approximately RMB1,394,655,000 and RMB573,863,000 and RMB288,738,000 were derived from three respective single external customers each accounted for more than 10% of total revenue.

During the year ended 31 December 2021, revenues of approximately RMB2,518,748,000, RMB1,366,083,000 and RMB1,342,435,000 were derived from three respective single external customers each accounted for more than 10% of total revenue.

During the year ended 31 December 2022, revenues of approximately RMB2,796,320,000, RMB2,373,776,000 and RMB1,572,252,000 were derived from three respective single external customers each accounted for more than 10% of total revenue.

During the four months ended 30 April 2023, revenues of approximately RMB782,650,000, RMB578,381,000, RMB431,862,000 were derived from three respective single external customers each accounted for more than 10% of total revenue.

During the four months ended 30 April 2022, revenues of approximately RMB1,166,574,000 (unaudited) and RMB884,591,000 (unaudited) were derived from two respective single external customers each accounted for more than 10% of total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(Unaudited)**	*RMB'000*
Type of goods or services					
Game marketing and operation - Self-run model*	2,418,164	4,695,963	6,179,622	2,040,680	1,517,627
Game marketing and operation - Joint-run model	453,343	977,156	2,383,819	753,932	814,826
Other marketing services	886	32,271	38,022	16,502	34,074
Sales of products	–	30,328	215,758	35,540	81,818
Total revenue from contracts with customers	2,872,393	5,735,718	8,817,221	2,846,654	2,448,345

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Timing of revenue recognition					
Services transferred over time	–	–	1,145,595	438,908	267,090
Services transferred at a point in time	2,872,393	5,705,390	7,455,868	2,372,206	2,099,437
Goods transferred at a point in time	–	30,328	215,758	35,540	81,818
Total revenue from contracts with customers	2,872,393	5,735,718	8,817,221	2,846,654	2,448,345
Geographical markets					
Mainland China	2,872,393	5,735,718	8,638,210	2,822,123	2,362,927
Hong Kong	–	–	179,011	24,531	85,418
Total revenue from contracts with customers	2,872,393	5,735,718	8,817,221	2,846,654	2,448,345

* Included the revenue of marketing and operation support services provided to third party publishers amounted to RMB255,597,000, RMB98,690,000, RMB85,586,000 for the years ended 31 December 2020, 2021, 2022 and RMB29,001,000 and RMB28,011,000 for the four months ended 30 April 2022 and 2023, respectively.

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Authorised game marketing and operation

The performance obligation is satisfied upon the payment for purchase of in-game virtual items by game players as the Group has no further obligation to game developers or publishers in order to earn the service fees upon the completion of the corresponding payment. Under self-run model the payment is due immediately when the game players make the payment for in-game purchases. Under joint-run model the payment is due when the statement is received and confirmed with the collaborating distribution platforms. The Group settles the payment with game developers or publishers within 180 days from the date of billing.

Self-owned game marketing and operation

The performance obligation is satisfied over the estimated Player Relation Period. Under self-run model the payment is due immediately when the game players make the payment for in-game purchases. Under joint-run model the payment is due when the statement is received and confirmed with the collaborating distribution platforms.

Other marketing services

The performance obligation is satisfied upon the subscription of pay-to-read services by online literature readers. The payment is due immediately when the readers make the subscription. The Group settles the payment with the literature content providers on monthly basis.

Sales of products

The performance obligation is satisfied at the point in time when the products are delivered and accepted by customers. The payment is due immediately for direct sales to the end customers on online retail platforms. The payment from the distributors is generally due within 15 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 30 April 2023 are as follows:

	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	117,712	162,114

The amounts disclosed above do not include variable consideration which is constrained. The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to self-owned game marketing and operation.

An analysis of other income and gains is as follows:

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other income						
Bank interest income		34,108	94,394	189,125	38,276	54,728
Investment income from financial assets at fair value through profit or loss		59,175	–	29,796	–	327,004
VAT additional deduction and refunds		22,978	22,714	52,294	18,630	9,540
Government grants- related to income*		6,554	1,132	2,759	175	914
Others		851	622	1,606	734	535
		123,666	118,862	275,580	57,815	392,721
Gains						
Foreign exchange gains		511	219	1,224	1,562	–
Fair value gain on financial assets at fair value through profit or loss		6,294	971	12,467	27,803	–
Gain on disposal of subsidiaries		–	4	621	–	–
Others**		8	–	2,708	199	3,908
		6,813	1,194	17,020	29,564	3,908
		130,479	120,056	292,600	87,379	396,629

* Various government grants have been received from local government authorities in the PRC. There are no unfulfilled conditions and other contingencies relating to these grants.

** It included gain on lease modification of RMB2,708,000 and RMB3,908,000 for the year ended 31 December 2022 and four months ended 30 April 2023, respectively.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Costs of services charged by the collaborating distribution platforms under joint-run model		321,017	723,808	1,937,855	592,208	634,117
Cost of products sold		–	16,670	124,804	18,942	49,409
Promotion expenses		1,643,426	3,739,292	5,440,279	1,866,168	1,330,231
Employee benefit expense: (including directors' and chief executives' remuneration)						
Wages and salaries		101,862	253,874	330,469	100,895	95,168
Equity-settled based payment expenses		1,816,114	–	42,883	–	70,599
Pension scheme contributions* (defined contribution scheme)		1,229	26,627	36,345	12,205	8,610
		1,919,205	280,501	409,697	113,100	174,377
[REDACTED] expenses		–	11,148	25,679	6,799	17,486
Auditor's remuneration		874	1,071	341	35	26
Depreciation of property and equipment	*13*	7,505	6,452	14,364	4,504	6,679
Depreciation of right-of-use assets	*14*	9,406	18,566	31,065	10,196	8,138
Amortisation of other intangible assets**	*16*	872	28,401	50,777	26,117	11,930
Lease payments not included in the measurement of lease liabilities	*14*	–	69	30	–	120
Gain on lease modification	*14*	(96)	(37)	(2,708)	(199)	(3,908)
Foreign exchange differences, net		(511)	(219)	(1,224)	(1,562)	702
Provision for pending litigations***	*28*	300	11,410	–	–	–
Impairment of trade receivables, net	*20*	(5,373)	(5,711)	615	(31)	(51)
Impairment of financial assets included in other receivables		–	4,847	1,604	942	1,940
Impairment of property and equipment***	*13*	–	–	5,479	–	–

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Fair value (gain)/loss on financial assets at fair value through profit or loss		(6,294)	(971)	(12,467)	(27,803)	99,209
(Gain)/loss on disposal of financial assets at fair value through profit or loss		(59,175)	2,628	(29,796)	8,922	(327,004)
Loss/(gain) on disposal of subsidiaries		18	(4)	(621)	–	–
Loss on disposal of items of property and equipment, net		89	74	4	–	688

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The amortisation of other intangible assets is included in cost of sales and administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

*** The impairment of property and equipment and provision for pending litigations are included in other expenses in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Finance costs on bills payables*	45,430	47,946	89,893	24,869	31,628
Interest on bank borrowings	–	9	7,969	717	1,828
Interest on lease liabilities (note 14)	6,213	8,077	10,016	3,323	3,047
	51,643	56,032	107,878	28,909	36,503

* It represented the finance costs charged by the banks to extend the maturity date of bills payables.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 18 March 2021, Mr. Wu Xubo(吳旭波) was appointed as chairman, chief executive officer and executive director of the Company. The Company did not have any non-executive directors and independent non-executive directors at any time during the Relevant Periods and four months ended 30 April 2022. Ms. Wu Xuan (吳璇) was appointed as executive directors of the Company in November 2022. [Ms. SONG Siyun (宋司筠), Mr. QIN Yongde (覃永德), Ms. ZHENG Yi (鄭怡) were appointed as independent non-executive directors of the Company in November 2022.]

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of the directors as recorded is set out below:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(Unaudited)**	*RMB'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	1,221	1,133	1,534	430	587
Equity-settled share payment expenses	254,763	–	9,093	–	15,544
Pension scheme contributions	4	28	29	10	10
	255,988	1,161	10,656	440	16,141

During the Relevant Periods and four months ended 30 April 2022, certain directors were granted awards, in respect of their services to the Group, under the share award scheme of the Group, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such awards was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and four months ended 30 April 2022 is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

There were no remuneration paid to the independent non-executive directors during the Relevant Periods and four months ended 30 April 2022.

(b) Executive directors and the chief executive

Year ended 31 December 2020	Salaries, allowances and benefits in kind	Equity-settled share payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Ms. Wu Xuan (吳璇)	330	254,763	1	255,094
Chief executive:				
Mr. Wu Xubo (吳旭波)	891	–	3	894
	1,221	254,763	4	255,988

Year ended 31 December 2021	Salaries, allowances and benefits in kind	Equity-settled share payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Ms. Wu Xuan (吳璇)	308	–	13	321
Chief executive:				
Mr. Wu Xubo (吳旭波)	825	–	15	840
	1,133	–	28	1,161

Year ended 31 December 2022	Salaries, allowances and benefits in kind	Equity-settled share payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Ms. Wu Xuan (吳璇)	677	–	14	691
Chief executive:				
Mr. Wu Xubo (吳旭波)	857	9,093	15	9,965
	1,534	9,093	29	10,656

Four months ended 30 April 2023	Salaries, allowances and benefits in kind	Equity-settled share payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Ms. Wu Xuan (吳璇)	267	–	5	272
Chief executive:				
Mr. Wu Xubo (吳旭波)	320	15,544	5	15,869
	587	15,544	10	16,141

Four months ended 30 April 2022 (Unaudited)	**Salaries, allowances and benefits in kind**	**Equity-settled share payment expenses**	**Pension scheme contributions**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Ms. Wu Xuan (吳璇)	144	–	5	149
Chief executive:				
Mr. Wu Xubo (吳旭波)	286	–	5	291
	430	–	10	440

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and four months ended 30 April 2022.

During the Relevant Periods and four months ended 30 April 2022, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and four months ended 30 April 2022 included 1, 1, 1, 1 and 0 directors respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods and four months ended 30 April 2022 of the remaining 4, 4, 4, 4 and 5 highest paid employee, respectively, who is neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			**Four months ended 30 April**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	847	1,760	1,931	2,687	612
Equity-settled share payment expenses	834,816	–	10,064	–	16,812
Pension scheme contributions	2	54	56	23	18
	835,665	1,814	12,051	2,710	17,442

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
				RMB'000 *(Unaudited)*	*RMB'000*
Nil to HK$1,000,000	–	4	–	*5*	–
HK$1,000,001 to HK$1,500,000	–	–	–	–	–
Over HK$1,500,000	4		4	–	4

During the Relevant Periods and four months ended 30 April 2022, awards was granted to a non-director and non-chief executive highest paid employees in respect of his services to the Group, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of such awards was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and four months ended 30 April 2022 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the Relevant Periods and four months ended 30 April 2022, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assembled profit arising in Hong Kong during the Relevant Periods and four months ended 30 April 2022.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practises in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the ''PRC Tax Law'') effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Jiangxi Tanwan was accredited as a high and new technology enterprise ("HNTE") in 2018 and 2021 respectively, and the certificate is valid for three years. The HNTE certificate needs to be renewed every three years so as to enable Jiangxi Tanwan to enjoy the reduced tax rate of 15%. Although Jiangxi Tanwan has re-applied for and obtained the certificate of HNTE on 3 November

2021, it did not enjoy the preferential tax rate of 15% in 2022 and does not expect to qualify for such preferential tax rate in 2023 because of its business indicators not meeting the stipulation of HNTE, but applied the statutory rate of 25%.

ZX WFOE were accredited as "software enterprises" in 2021 under relevant PRC laws and regulations. Accordingly, ZX WFOE are exempt from Corporate Income Tax ("CIT") for 2021 and 2022, followed by a 50% reduction in the applicable tax rates from 2023 to 2025.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended 31 December			**Four months ended 30 April**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current income tax — Mainland China	54,215	92,470	116,993	40,161	115,241
Deferred income tax	23,043	(28,780)	(6,940)	(25,643)	(586)
Total tax charge for the year/period	77,258	63,690	110,053	14,518	114,655

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entity is domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December						Four months ended 30 April			
	2020		**2021**		**2022**		**2022**		**2023**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (*Unaudited*)	%	*RMB'000*	%
Profit/(loss) before tax	(1,223,845)		680,131		601,575		139,101		356,759	
Tax at the statutory tax rate	(305,961)	25	170,033	25	150,394	25	34,775	25	89,190	25
Lower tax rate(s) for specific provinces or enacted by local authority	127,024	(10)	(103,853)	(15)	(55,544)	(9)	(22,065)	(16)	(1,685)	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	–	–	–	–	–	–	–	–	8,000	2
Profits and losses attributable to joint venture and associates	1,156	–	874	–	3,110	1	1,466	1	1,561	–
Super deduction for research and development expenses	(17,916)	1	(16,600)	(2)	(10,843)	(2)	(3,048)	(2)	(6,436)	(2)
Expenses not deductible for tax purposes	272,843	(22)	16,556	2	24,397	4	4,271	3	23,586	7
Tax losses not recognised	372	–	2,438	1	2,637	–	2,176	2	1,302	–
Utilisation of previously unrecongnized tax losses	–	–	(425)	–	(1,041)	–	–	–	(863)	–
Adjustments of deferred tax due to changes in tax rates	(260)	–	(5,333)	(1)	(3,057)	(1)	(3,057)	(2)	–	–
Tax charge at the Group's effective rate	77,258	(6)	63,690	9	110,053	18	14,518	11	114,655	32

The share of tax attributable to joint ventures and associates amounting to nil, RMB63,000, RMB1,560,000, RMB 882,000 and nil for the years ended 31 December 2020, 2021, 2022 and four months ended 30 April 2022 and 2023 is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

11. DIVIDENDS

Pursuant to the resolutions of the shareholders' meetings of Jiangxi Tanwan in 2021, a dividend of RMB 100,000,000 was approved and paid to its then shareholders in the same year.

Pursuant to the resolutions of the shareholders' meetings of Hainan Zhangwan during four months ended 30 April 2023, a dividend of RMB 20,000,000 was approved and paid to its shareholders in the same year.

No dividends had been paid or declared by the Company during the Relevant Periods and four months ended 30 April 2022 since the Company was incorporated on 18 March 2021.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Earnings/(loss) per share information was not presented for the years ended 31 December 2020 and 2021 and four months ended 30 April 2022 as the reorganisation was not completed until 22 November 2022.

During the year ended 31 December 2022 and four months ended 30 April 2023, the calculation of the basic earnings per share amounts is based on the earnings attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue (excluding shares reserved for share option scheme). The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the implemented share subdivision (note 29).

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December 2022	**Four months ended 30 April 2023**
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	514,067	219,959
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	53,255,479	498,000,000
Effect of dilution - weighted average number of ordinary shares	266,204	5,184,388
Weighted average number of ordinary shares for the purpose of calculating diluted earning share	53,521,683	503,184,388

13. PROPERTY AND EQUIPMENT

	Electronic devices	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	16,921	1,848	2,725	16,195	37,689
Accumulated depreciation	(7,226)	(114)	(979)	(4,055)	(12,374)
Net carrying amount	9,695	1,734	1,746	12,140	25,315
At 1 January 2020, net of accumulated depreciation	9,695	1,734	1,746	12,140	25,315
Additions	4,793	307	1,010	1,897	8,007
Disposals	(320)	–	(926)	–	(1,246)
Depreciation provided during the year (note 6)	(5,442)	(386)	(706)	(971)	(7,505)
At 31 December 2020, net of accumulated depreciation	8,726	1,655	1,124	13,066	24,571
At 31 December 2020:					
Cost	21,394	2,155	2,809	18,092	44,450
Accumulated depreciation	(12,668)	(500)	(1,685)	(5,026)	(19,879)
Net carrying amount	8,726	1,655	1,124	13,066	24,571

	Electronic devices	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021					
At 1 January 2021:					
Cost	21,394	2,155	2,809	18,092	44,450
Accumulated depreciation	(12,668)	(500)	(1,685)	(5,026)	(19,879)
Net carrying amount	8,726	1,655	1,124	13,066	24,571
At 1 January 2021, net of accumulated depreciation	8,726	1,655	1,124	13,066	24,571
Additions	5,635	973	3,057	16,647	26,312
Acquisition of subsidiaries (note 32)	357	–	3,612	542	4,511
Disposals	(3,657)	(54)	–	–	(3,711)
Depreciation provided during the year (note 6)	(1,952)	(399)	(1,841)	(2,260)	(6,452)
At 31 December 2021, net of accumulated depreciation	9,109	2,175	5,952	27,995	45,231
At 31 December 2021:					
Cost	23,729	3,074	9,478	35,281	71,562
Accumulated depreciation	(14,620)	(899)	(3,526)	(7,286)	(26,331)
Net carrying amount	9,109	2,175	5,952	27,995	45,231

	Electronic devices	**Furniture and fixtures**	**Motor vehicles**	**Leasehold improvements**	**Buildings* RMB'000**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		*RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	23,729	3,074	9,478	35,281	–	71,562
Accumulated depreciation	(14,620)	(899)	(3,526)	(7,286)	–	(26,331)
Net carrying amount	9,109	2,175	5,952	27,995	–	45,231
At 1 January 2022, net of accumulated depreciation	9,109	2,175	5,952	27,995	–	45,231
Additions	4,355	375	6,053	3,973	39,367	54,123
Disposals	(337)	(5)	–	–	–	(342)
Impairment provided during the year (note 6)	–	–	–	–	(5,479)	(5,479)
Depreciation provided during the year (note 6)	(4,549)	(603)	(2,712)	(5,568)	(932)	(14,364)
At 31 December 2022, net of accumulated depreciation and impairment	8,578	1,942	9,293	26,400	32,956	79,169
At 31 December 2022:						
Cost	27,747	3,444	15,531	39,254	39,367	125,343
Accumulated depreciation and impairment	(19,169)	(1,502)	(6,238)	(12,854)	(6,411)	(46,174)
Net carrying amount	8,578	1,942	9,293	26,400	32,956	79,169

	Electronic devices	Furniture and fixtures	Motor vehicles	Leasehold improvements	Buildings*	Construction in progress**	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2023							
At 1 January 2023							
Cost	27,747	3,444	15,531	39,254	39,367	-	125,343
Accumulated depreciation and impairment	(19,169)	(1,502)	(6,238)	(12,854)	(6,411)	-	(46,174)
Net carrying amount	8,578	1,942	9,293	26,400	32,956	-	79,169
At 1 January 2023, net of accumulated depreciation	8,578	1,942	9,293	26,400	32,956	-	79,169
Additions	528	-	4,841	-	-	109,375	114,744
Disposals	(681)	(324)	(69)	(2,358)	-	-	(3,432)
Depreciation provided during the period (note 6)	(1,302)	(214)	(1,297)	(3,527)	(339)	-	(6,679)
At 30 April 2023, net of accumulated depreciation and impairment	7,123	1,404	12,768	20,515	32,617	109,375	183,802
At 30 April 2023:							
Cost	27,594	3,120	20,303	36,896	39,367	109,375	236,655
Accumulated depreciation and impairment	(20,471)	(1,716)	(7,535)	(16,381)	(6,750)	-	(52,853)
Net carrying amount	7,123	1,404	12,768	20,515	32,617	109,375	183,802

* As at 30 April 2023, the Group's buildings with the net carrying value of RMB32,956,000 were located in Guangzhou, the PRC and the Group is in the process of obtaining the real estate certificates. An impairment of RMB5,479,000 was provided in 2022 by reference to the estimated fair value of the buildings and no further impairment was made in four months ended 30 April 2023.

** As at 30 April 2023, the Group's construction in progress with the net carrying value of RMB 109,375,000 relates to a building under decoration which is located in Guangzhou, the PRC, and the Group is in the process of obtaining the real estate certificates.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of offices used in its operations. Leases of offices generally have lease terms between 2 and 15 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

The Group also leased certain office premises under short-term (i.e., the lease term ends within 12 months of the date of initial application) lease arrangement. The Group has elected not to recognise right-of-use assets on these short-term lease contracts.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the reporting periods are as follows:

	Properties
	RMB '000
As at 1 January 2020	111,518
Additions	27,683
Depreciation charge (note 6)	(9,406)
Remeasurement due to lease modification	(1,445)
As at 31 December 2020 and 1 January 2021	128,350
Additions	74,231
Additions as a result of acquisition of subsidiaries (note 32)	6,619
Depreciation charge (note 6)	(18,566)
Remeasurement due to lease modification	(1,230)
As at 31 December 2021 and 1 January 2022	189,404
Additions	45,579
Depreciation charge (note 6)	(31,065)
Remeasurement due to lease modification	(23,689)
As at 31 December 2022 and 1 January 2023	180,229
Additions	10,603
Depreciation charge (note 6)	(8,138)
Remeasurement due to lease modification	(41,681)
As at 30 April 2023	141,013

(b) *Lease liabilities*

The carrying amounts of the Group's lease liabilities and the movements during the reporting periods are as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	119,542	139,311	210,301	212,001
New leases	27,683	74,231	45,579	10,603
Additions as a result of acquisition of subsidiaries (note 32)	–	6,686	–	-
Accretion of interest recognised during the year/period (note 7)	6,213	8,077	10,016	3,047
Payments	(12,586)	(16,739)	(26,523)	(7,193)
Remeasurement due to lease modification	(1,541)	(1,265)	(27,372)	(46,387)
Carrying amount at end of year/period	139,311	210,301	212,001	172,071
Analysed into:				
Current portion	2,134	27,793	21,247	19,010
Non-current portion	137,177	182,508	190,754	153,061

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Interest on lease liabilities	6,213	8,077	10,016	3,323	3,047
Depreciation charge of right-of-use assets	9,406	18,566	31,065	10,196	8,138
Expense relating to short-term leases (included in cost of sales)	–	69	30	-	120
Gain on lease modification	(96)	(37)	(2,708)	(199)	(3,908)
Total amount recognised in profit or loss	15,523	26,675	38,403	13,320	7,397

The total cash outflow for leases are disclosed in note 33(c) to the Historical Financial Information.

15. GOODWILL

	As at 31 December			As at 30 April
	2020	2021	2022	2023
Guangzhou Chichi	–	27,917	27,917	27,917
Hainan Zhangwan	–	14,582	14,582	14,582
Cost and net carrying amount at end of year	–	42,499	42,499	42,499

On 10 September 2021, goodwill arisen from the acquisition of Guangzhou Chichi (note 32) amounted to RMB27,917,000.

On 10 March 2021, goodwill arisen from the acquisition of Hainan Zhangwan (note 32) amounted to RMB14,582,000.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to cash-generating unit, namely Guangzhou Chichi cash-generating unit and namely Hainan Zhangwan Guangzhou cash-generating unit (collectively of the two above, the "CGUs") for impairment testing.

The recoverable amounts of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rate applied to the cash flow projections, the revenue growth rate, EBIT margin and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

Guangzhou Chichi CGU:

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
Compound revenue growth rate	25.54%	30.38%	30.30%
EBIT margin	(2%)~4%	(1%)~4%	(1%)~4%
Pre-tax discount rate	29.56%	30.83%	29.74%
Terminal growth rate	3%	3%	3%

Hainan Zhangwan CGU:

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
Compound revenue growth rate	7.08%	5.37%	4.47%
EBIT margin	1%~3%	2%~3%	3%~5%
Pre-tax discount rate	31.49%	32.96%	35.44%
Terminal growth rate	3%	3%	3%

Key assumptions used in the value in use calculation

The calculation of value in use is based on the following assumptions:

Revenue growth rate — the rate is based on the average growth achieved in the past years and the synergies from new acquisitions.

EBIT margin — EBIT margin is based on the average EBIT margin achieved in the year immediately before the budget year and is increased over the budget period for anticipated efficiency improvements.

Pre-tax discount rate — the rate reflects management's estimate of the risks specific to the unit.

Terminal growth rate — the rate is based on published industry research.

The values assigned to the key assumptions on gross profit margin, discount rates and growth rates are consistent with management's past experience and external information sources.

As at 31 December 2021, the recoverable amount of Guangzhou Chichi cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB22,083,000, and the recoverable amount of Hainan Zhangwan cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB60,806,000.

As at 31 December 2022, the recoverable amount of Guangzhou Chichi cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB37,939,000, and the recoverable amount of Hainan Zhangwan cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB75,678,000.

As at 30 April 2023, the recoverable amount of Guangzhou Chichi cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB17,765,000, and the recoverable amount of Hainan Zhangwan cash-generating unit to which goodwill was allocated exceeded its carrying amount by RMB27,157,000.

Decreases in the revenue growth rate or EBIT margin as follows (with other assumptions remaining unchanged) would result in Guangzhou Chichi cash-generating unit's recoverable amount equal to its carrying amount:

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	Increase/(decrease)	*Increase/(decrease)*	*Increase/(decrease)*
Compound revenue growth rates	(15.14%)	(16.27%)	(8.37%)
EBIT margin	(1.31%)	(1.53%)	(0.70%)

Decreases in the revenue growth rate or EBIT margin as follows (with other assumptions remaining unchanged) would result in Hainan Zhangwan cash-generating unit's recoverable amount equal to its carrying amount:

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	Increase/(decrease)	*Increase/(decrease)*	*Increase/(decrease)*
Compound revenue growth rates	(1.41%)	(7.15%)	(12.59%)
EBIT margin	(1.85%)	(2.71%)	(3.69%)

In the opinion of the directors, except for the above, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount as at 31 December 2021, 2022 and 30 April 2023.

16. OTHER INTANGIBLE ASSETS

	Computer software	Domain Name	Game Operation Agreements	Copyright	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020					
Cost at 1 January 2020, net of accumulated amortisation	342	7,427	–	–	7,769
Amortisation provided during the year *(note 6)*	(104)	(768)	–	–	(872)
At 31 December 2020	238	6,659	–	–	6,897

	Computer software	Domain Name	Game Operation Agreements	Copyright	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020					
Cost	1,046	7,689	–	–	8,735
Accumulated amortisation	(808)	(1,030)	–	–	(1,838)
Net carrying amount	238	6,659	–	–	6,897
31 December 2021					
Cost at 1 January 2021, net of accumulated amortisation	238	6,659	–	–	6,897
Additions	486	7,641	–	–	8,127
Acquisition of subsidiaries (note 32)	204	–	47,000	–	47,204
Amortisation provided during the year *(note 6)*	(304)	(764)	(27,333)	–	(28,401)
At 31 December 2021	624	13,536	19,667	–	33,827
At 31 December 2021					
Cost	1,736	15,330	47,000	–	64,066
Accumulated amortisation	(1,112)	(1,794)	(27,333)	–	(30,239)
Net carrying amount	624	13,536	19,667	–	33,827
31 December 2022					
Cost at 1 January 2022, net of accumulated amortisation	624	13,536	19,667	–	33,827
Additions	684	–	–	60,000	60,684
Amortisation provided during the year *(note 6)*	(411)	(1,533)	(18,833)	(30,000)	(50,777)
At 31 December 2022	897	12,003	834	30,000	43,734
At 31 December 2022					
Cost	2,420	15,330	47,000	60,000	124,750
Accumulated amortisation	(1,523)	(3,327)	(46,166)	(30,000)	(81,016)
Net carrying amount	897	12,003	834	30,000	43,734

	Computer software	Domain Name	Game Operation Agreements	Copyright	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2023					
Cost at 1 January 2023, net of accumulated amortisation	897	12,003	834	30,000	43,734
Additions	6,546	–	–	–	6,546
Amortisation provided during the period *(note 6)*	(516)	(580)	(834)	(10,000)	(11,930)
At 30 April 2023	6,927	11,423	–	20,000	38,350
At 30 April 2023					
Cost	8,966	15,330	47,000	60,000	131,296
Accumulated amortisation	(2,039)	(3,907)	(47,000)	(40,000)	(92,946)
Net carrying amount	6,927	11,423	–	20,000	38,350

17. INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	263,836	255,295	262,725	262,241
Goodwill on acquisition	10,100	7,000	7,000	7,000
	273,936	262,295	269,725	269,241
Provision for impairment	(5,895)	(2,537)	(2,537)	(2,537)
	268,041	259,758	267,188	266,704

The Group's related party balances with joint ventures are disclosed in note 36 to the Historical Financial Information.

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of registered capital held	Date and place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Zhejiang Xuwan Technology Co., Ltd. （浙江旭玩科技有限公司）*	RMB500,000,000 as registered capital	5 July 2018 PRC/ Mainland China	2020:60% 2021-2023 40%	Technical services and development
Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd.（廣州市澤達新文創產業發展有限公司）*	RMB200,000,000 as registered capital	7 April 2020 PRC/ Mainland China	26%	Real estate development, management and interactive entertainment product marketing business

The above investments are held through a consolidated affiliate entity of the Company. They are joint venture of the Group as the decisions about the relevant activities of the entities require the unanimous consent of the shareholders.

* The Group invested in Zhejiang Xuwan Technology Co., Ltd and Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd ("Zeda") in 2020.

* As at 30 April 2023, the Group's investment in Zeda was pledged to the Agricultural Bank of China to guarantee the bank borrowings of Zeda with the maximum guarantee amount of RMB405,000,000 (note 36).

Zeda acquired a land use right in 2020 for a period of 50 years and started the construction of properties in 2022. As at 30 April 2023, Zeda had a bank borrowing amount of RMB25,000,000 from the Agricultural Bank of China for the purpose of the construction.

During the Relevant Periods, there was no impairment provided for the investment in Zeda by taking into account the fair value of the land.

The following table illustrates the summarised financial information in respect of Zhejiang Xuwan Technology Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	32,643	97,497	171,813	159,234
Non-current assets	374,074	343,323	324,631	309,816
Current liabilities	(139)	(16,250)	(57,495)	(30,268)
Net assets	406,578	424,570	438,949	438,782
Reconciliation to the Group's interest in the associate:				
Group's share of net assets of the associate	208,249	207,105	214,120	214,038
Goodwill on acquisition (less cumulative impairment)	–	–	–	–
Carrying amount of the investment	208,249	207,105	214,120	214,038

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue	110	91,469	99,644	32,823	39,145
Profit/(loss) for the year/period	(3,418)	18,154	14,379	4,886	(167)
Total comprehensive income/(loss) for the year/period	(3,418)	18,154	14,379	4,886	(167)

The following table illustrates the summarised financial information in respect of Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	390	420	9,231	25,500
Non-current assets	224,637	220,121	222,451	234,805
Current liabilities	(101,087)	(102,916)	(52,472)	(57,100)
Non-current liabilities	–	–	–	(25,000)
Net assets	123,940	117,625	179,210	178,205

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation to the Group's interest in the associate:				
Group's share of net assets of the associate	50,741	46,509	46,595	46,333
Goodwill on acquisition (less cumulative impairment)	–	–	–	–
Carrying amount of the investment	50,741	46,509	46,595	46,333

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	–	–	–	–	–
Loss for the year/period	(3,075)	(10,703)	(7,012)	(3,778)	(1,005)
Total comprehensive loss for the year/ period	(3,075)	(10,703)	(7,012)	(3,778)	(1,005)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Share of the joint ventures' profit/(loss) for the year/period	651	(405)	330	(13)	(141)

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's investments in the Joint ventures	9,051	6,144	6,473	6,332

18. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	5,816	4,870	5,992	4,276

The Group's related party balances with the associates are disclosed in note 36 to the Historical Financial Information.

Particulars of the associates are as follows:

Name	Particulars of registered capital held	Date and place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Fuzhou Zizai Entertainment Internet Technology Co., Ltd. (福州自在互娛網絡科技有限公司) ("Fuzhou Zizai")	RMB1,388,000 as registered capital	27 May 2020 PRC/ Mainland China	2020:20% 2021-2023:28%	Animation game development
Hangzhou Shengxu Miracle Network Technology Co., Ltd. (杭州盛旭奇跡網絡科技有限公司) ("Hangzhou Shengxu")	RMB100,000,000 as registered capital	25 January 2022 PRC/ Mainland China	49%	Technical services and development

The above investments are held through a consolidated affiliate entity of the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Share of the associates' loss for the year/period	(4,184)	(15,946)	(33,878)	(6,806)	(11,516)

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's investments in the associates'	5,816	4,870	5,992	4,276

The movement of the carry amount of investments in associates as set out in the table blew.

	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in the associates as at 1 January	–	5,816	4,870	5,992
Capital injection	10,000	15,000	35,000	9,800
Share of the associates' losses for the year/period	(4,184)	(15,946)	(33,878)	(11,516)
Investments in the associates as at 31 December/ 30 April	5,816	4,870	5,992	4,276

The above two associates incurred losses during the Relevant Periods as they are under the development of games which are expected to launch in 2023 or 2024. The Group performed an impairment assessment on the investment in Fuzhou Zizai and Hangzhou Shengxu and the recoverable amount of the investment in the associate has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. Based on the impairment assessment, the recoverable amount of the investment in the associate has exceeded its carrying amount and accordingly no impairment is required.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products, at fair value	497,834	1,039,932	471,530	680,293
Listed equity investments, at fair value	50,611	8,441	799,805	597,585
Fund investments, at fair value	2,001	41,596	–	–
	550,446	1,089,969	1,271,335	1,277,878

The above wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. As at 31 December 2020, 2021, 2022 and 30 April 2023, the carrying amounts of wealth management products of RMB497,834,000, RMB1,039,932,000, RMB471,530,000 and RMB680,293,000 were pledged for discounted bills and bills payables.

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above fund investments were private equity funds and monetary funds. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The fair values of wealth management products and fund investments were recognised based on the observable inputs of valuation models from the private equity funds and were within level 2 of the fair value hierarchy. The fair values of investment in listed companies were recognised at quoted price in active markets.

20. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	230,606	273,863	430,209	311,614
Impairment	(8,610)	(2,777)	(3,392)	(3,341)
Trade receivables, net	221,996	271,086	426,817	308,273

The Group's trade receivables mainly represent amounts receivable from third-party collaborated distribution platforms and online retail platforms. The credit period for collaborated distribution platforms is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the Group management. In view of the aforementioned and the fact that the Group's trade receivables principally relate to diversified application distribution platforms, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction dates and net of loss allowance, is as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	219,754	269,951	424,403	304,068
1 to 2 years	813	1,127	2,222	4,105
Over 2 years	1,429	8	192	100
	221,996	271,086	426,817	308,273

The movements in the allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	14,322	8,610	2,777	3,392
Provision for expected credit losses, net (note 6)	(5,373)	(5,711)	615	(51)
Amount written off as uncollectible	(339)	(122)	–	–
At end of year/period	8,610	2,777	3,392	3,341

The Group applies the simplified approach to provide for expected credit losses under HKFRS 9, and the provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The Group used a calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided for 100% of the defaulted receivables during the Relevant Periods.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Amount	**Expected loss rate**	**Impairment**
	RMB'000	%	*RMB'000*
Default receivables	1,925	100%	1,925
Other trade receivables aged:			
Current	197,576	2%	2,964
Past due for 6 months to 1.5 year	27,377	6%	1,699
Past due for 1.5 years to 2.5 years	2,661	36%**	955
Past due for over 2.5 years	1,067	100%	1,067
	230,606		8,610

As at 31 December 2021

	Amount	Expected loss rate	Impairment
	RMB'000	*%*	*RMB'000*
Default receivables	1,925	100%	1,925
Other trade receivables aged:			
Current	248,032	–*	74
Past due for 6 months to 1.5 years	23,016	–*	40
Past due for 1.5 years to 2.5 years	161	6%**	9
Past due for over 2.5 years	729	100%	729
	273,863		2,777

As at 31 December 2022

	Amount	Expected loss rate	Impairment
	RMB'000	*%*	*RMB'000*
Default receivables	1,925	100%	1,925
Other trade receivables aged:			
Current	392,225	–*	249
Past due for 6 months to 1.5 years	35,026	1%	449
Past due for 1.5 years to 2.5 years	375	30%	111
Past due for over 2.5 years	658	100%	658
	430,209		3,392

As at 30 April 2023

	Amount	Expected loss rate	Impairment
	RMB'000	*%*	*RMB'000*
Default receivables	1,925	100%	1,925
Other trade receivables aged:			
Current	295,598	–*	188
Past due for 6 months to 1.5 years	12,923	3%	344
Past due for 1.5 years to 2.5 years	357	20%	73
Past due for over 2.5 years	811	100%	811
	311,614		3,341

* Less than 0.01%

** The expected credit loss rate is calculated based on historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Due to the improved credit control and faster collection of past due receivables in 2021, the Group expected that most of the amounts past due for 1.5 years to 2.5 years will be collected and therefore a lower expected credit loss rate was calculated.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Non-current				
Loans to employees	48,107	20,684	1,996	1,935
Prepayments for property and equipment	39,367	39,367	109,376	–
Prepayments for right-of-use assets	–	–	–	44,121
Deposits and other receivables	1,815	7,865	7,811	13,961
Time deposits with original maturity of over one year	150,184	34,720	–	101,751
Prepayments for other intangible assets	–	15,000	–	–
	239,473	117,636	119,183	161,768
Less: allowance for impairment	–	–	–	–
	239,473	117,636	119,183	161,768
Current				
Prepayment for marketing and promotion services	97,926	46,012	109,282	116,886
Deposits and other receivables	176,175	108,719	187,560	110,855
Prepayment to game developers	53,797	75,559	148,171	174,507
Undrawn deposits on third party payment channels	10,520	15,550	39,733	108,425
Deductible input VAT	66,786	71,782	83,418	87,938
Prepaid expenses	552	7,974	1,785	6,014
Time deposits with original maturity of over three months but less than one year	–	65,671	48,093	28,787
Contract costs for self-owned game	–	–	61,686	48,029
Deferred **[REDACTED]** expenses	–	1,613	6,386	8,892
	405,756	392,880	686,114	690,333
Less: allowance for impairment	(12,372)	(17,187)	(18,791)	(20,731)
	393,384	375,693	667,323	669,602

The Company

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
Deferred **[REDACTED]** expenses	1,613	6,386	8,892

The loan to employees provided by the Group bears interests of 4.75% p.a. and will due for repayment within five years.

The loan due from third parties was repayable within one year and bears interests at rates of not higher than 4.90% per annum.

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate. The default other receivables as at 31 December 2020, 2021, 2022 and 30 April 2023 was RMB12,372,000, RMB 17,187,000, RMB 18,791,000 and 18,751,000, respectively.

22. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	2,067,689	4,091,908	6,674,268	7,180,634
Less: Non-current restricted cash	(17,943)	(10,000)	–	–
Current restricted cash	(84,933)	(25,863)	(10,394)	(39,190)
Non-current pledged time deposits	(876,395)	(2,022,247)	(3,395,558)	(3,006,106)
Current pledged time deposits	(544,762)	(1,239,799)	(3,006,801)	(3,605,530)
Non-pledged time deposit with original maturity of over three months and less than one year (note 21)	–	(65,671)	(48,093)	(28,787)
Non-pledged time deposit with original maturity of over one year (note 21)	(150,184)	(34,720)	–	(101,751)
Cash and cash equivalents	393,472	693,608	213,422	399,270

Denominated in:

RMB	393,306	680,838	177,360	374,374
USD	161	3,381	3,446	12,482
HKD	5	9,389	32,616	12,414

As at 31 December 2020, 2021, 2022 and 30 April 2023, restricted cash amounted to RMB90,000,000, RMB19,100,000, RMB10,000,000 and RMB11,415,000, representing deposits held in designated bank accounts for pending litigations. As at 31 December 2020, 2021, 2022 and 30 April 2023, restricted cash amounted to RMB12,876,000, RMB16,763,000, RMB394,000 and RMB27,775,000 representing bank deposits designated for securing bills payable.

As at 31 December 2020, 2021, 2022 and 30 April 2023, pledged time deposits amounted to RMB1,421,157,000, RMB3,262,046,000, RMB6,402,359,000 and RMB6,611,636,000, were restricted and pledged for discounted bills and bills payable of the Group (note 24 and note 26).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

23. TRADE PAYABLES

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	275,562	560,035	523,649	532,211
	275,562	560,035	523,649	532,211

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	212,759	551,834	521,280	528,985
1 to 2 years	61,100	5,044	1,464	2,178
2 to 3 years	1,522	2,148	134	203
Over 3 years	181	1,009	771	845
	275,562	560,035	523,649	532,211

The trade payables are non-interest-bearing and are normally settled on 1-year terms.

Included in trade payables amounts of RMB264,965,000, RMB542,533,000, RMB488,394,000 and RMB517,695,000 were payables to game developers as at 31 December 2020, 2021, 2022 and 30 April 2023, respectively.

24. BILLS PAYABLES

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables	1,729,989	3,422,140	5,640,211	5,861,676
	1,729,989	3,422,140	5,640,211	5,861,676

The bills payables are due for payment within 1 year and the Group bears finance costs at 1.2%~2.9% p.a. for the extended maturity date of 12 months.

Included in bills payables amounts of RMB341,334,000, RMB600,653,000, RMB1,464,893,000 and RMB1,445,403,000 were payables to game developers as at 31 December 2020, 2021, 2022 and 30 April 2023, respectively.

Included in bills payables amounts of RMB1,193,655,000, RMB2,816,691,000, RMB4,145,444,000, and RMB4,416,273,000 were payables for marketing and promotion services as at 31 December 2020, 2021, 2022 and 30 April 2023, respectively.

The time deposits and financial assets at fair value through profit or loss in total of RMB1,918,991,000, RMB4,210,729,000, RMB6,314,746,000 and RMB6,846,595,000 were pledged for bills payables as at 31 December 2020, 2021, 2022 and 30 April 2023. Details are set out in note 19 and note 22 to the Historical Financial Information.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Marketing and promotion services payables	239,911	411,315	472,498	441,238
Payables for amounts collected on behalf of third party publishers	556,325	203,874	–	–
Salaries and benefits payables	44,559	104,758	140,940	106,247
Other tax payables	57,511	96,431	49,362	59,595
Contract liabilities*	–	–	117,712	162,114
Prepayments from suppliers	–	–	13,319	10,273
Other payables**	62,771	126,746	107,388	61,260
	961,077	943,124	901,219	840,727

Details of contract liabilities are as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from players for self-owned game operations	–	–	117,712	162,114
	–	–	117,712	162,114

* Contract liabilities include the advances received from the players of the self-owned game operated by the Group in 2022 and the four months ended 30 April 2023.

The Company

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals**	–	45,463	2,046

** Other payables are non-interest-bearing and repayable on demand.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discounted bills	–	89,950	555,844	442,716

The discounted bills bear interests at 1.3%~2.8% p.a. and repayable within 1 year.

The pledged deposits and financial assets at fair value through profit or loss in total of RMB91,249,000, RMB559,143,000 and RMB445,334,000 were pledged for discounted bills as at 31 December 2021, 2022 and, 30 April 2023 respectively. Details are set out in note 19 and note 22 to the Historical Financial Information.

27. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

Deferred tax assets

	Lease liabilities	Impairment of assets	Accrued liabilities	Tax losses	Investments measured at FVTPL	Contract liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	29,719	7,138	27,594	42	–	–	64,493
Deferred tax credited/(charged) to the profit or loss during the year	3,658	(3,107)	(27,549)	(42)	–	–	(27,040)
At 31 December 2020	33,377	4,031	45	–	–	–	37,453
At 1 January 2021	33,377	4,031	45	–	–	–	37,453
Deferred tax credited/(charged) to the profit or loss during the year	17,363	(176)	1,711	24,171	175	–	43,244
Increase as a result of acquisition of subsidiaries	–	–	–	11,187	–	–	11,187
At 31 December 2021	50,740	3,855	1,756	35,358	175	–	91,884
At 1 January 2022	50,740	3,855	1,756	35,358	175	–	91,884
Deferred tax credited/(charged) to the profit or loss during the year	1,461	3,695	532	(15,446)	(175)	29,427	19,494
At 31 December 2022	52,201	7,550	2,288	19,912	–	29,427	111,378
At 1 January 2023	52,201	7,550	2,288	19,912	–	29,427	111,378
Deferred tax credited/(charged) to the profit or loss during the year	(10,303)	472	(1,501)	(15,887)	10,307	11,102	(5,810)
At 30 April 2023	41,898	8,022	787	4,025	10,307	40,529	105,568

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	Right of use assets	Investments measured at FVTPL	Fair value adjustments arising from acquisition of subsidiaries	Contract costs for self-owned game	Withholding tax on the distributable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	27,720	7,863	–	–	–	35,583
Deferred tax charged/(credited) to the profit or loss during the year	2,926	(6,923)	–	–	–	(3,997)
At 31 December 2020	30,646	940	–	–	–	31,586
At 1 January 2021	30,646	940	–	–	–	31,586
Deferred tax charged/(credited) to the profit or loss during the year	15,074	(610)	–	–	–	14,464
Increase as a result of acquisition of subsidiaries	–	–	4,917	–	–	4,917
At 31 December 2021	45,720	330	4,917	–	–	50,967
At 1 January 2022	45,720	330	4,917	–	–	50,967
Deferred tax charged/(credited) to the profit or loss during the year	(945)	2,787	(4,709)	15,421	–	12,554
At 31 December 2022	44,775	3,117	208	15,421	–	63,521
At 1 January 2023	44,775	3,117	208	15,421	–	63,521
Deferred tax charged/(credited) to the profit or loss during the year	(9,697)	(1,077)	(208)	(3,414)	8,000	(6,396)
At 30 April 2023	35,078	2,040	–	12,007	8,000	57,125

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	5,867	40,917	47,857	48,443

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	9,705	19,572	44,702	55,961

The above tax losses were all arising in Mainland China and will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax ("WHT"). If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5% in certain circumstances. For the Group, the applicable rate is 10%.

As at 30 April 2023, deferred tax liability of RMB8,000,000 was provided for withholding taxes on the profits of subsidiaries in the PRC which the Group considers that it is probable to be distributed in the foreseeable future.

28. PROVISION

	Litigation
	RMB'000
At 1 January 2020	–
Additional provision	300
Amounts utilised during the year	–
At 31 December 2020 and 1 January 2021	300
Additional provision	11,410
Amounts utilised during the year	–
At 31 December 2021 and 1 January 2022	11,710
Additional provision	–
Amounts utilised during the year	(2,560)
At 31 December 2022 and 1 January 2023	9,150
Additional provision	–
Amounts utilised during the period	(6,000)
At 30 April 2023	3,150

The provision mainly related to pending litigations with regards to game products operated by the Group in PRC. The Group accrued provision according to the verdict of the first instance. For further details of the litigations, refer to the section headed "Business — Legal Proceedings and Compliance — Legal Proceedings" in the Document.

29. SHARE CAPITAL AND TREASUREY SHARES

The Group and the Company

On 18 March 2021, the Company was incorporated with an authorised share capital of US$50,000 divided into 50,000 shares of a par value of US$1.0 each.

On 18 March 2021, the Company issued one share to an independent third party for US$1.0, which was subsequently transferred to WXB BVI 1 (a BVI company wholly-owned by Mr. WU Xubo) for US$1.0 on the same day.

On 3 November 2022, the Company subdivided its share capital of US$50,000 in 50,000 ordinary shares of US$1.0 into 2,500,000,000 ordinary shares of US$0.00002 each.

On 22 November 2022, the Company issued and allotted an aggregate of 515,413,918 shares with a par value of US$0.00002 to the equity holders of Jiangxi Tanwan and the shareholding platforms of the Pre-**[REDACTED]** share scheme, details of which are set out in "History, Reorganisation and Corporate Structure – Corporate Reorganisation – Offshore Shareholding Restructuring" of the Document.

Shares

	31 December 2021	31 December 2022	30 April 2023
			RMB'000
Authorised:			
50,000 ordinary shares of US$1.0 each	319	–	–
2,500,000,000 ordinary shares of US$0.00002 each	–	319	319
Issued:			
515,463,918 ordinary shares*	–	74	74

* As at 31 December 2022 and 30 April 2023, the total number of issued ordinary shares included 17,463,918 shares held for share option scheme, with par values of RMB3,000.

In order to facilitate the administration of share option scheme, on 22 November 2022, the Company issued an aggregate of 17,463,918 shares to three BVI entities, namely GLORIOUS TYCOON LIMITED, WxScarlett Ventures Limited and WxDR Ventures Limited for grant of options to the employees. Such three BVI entities were considered as an extension of the Company and shares, other than those exercised, held for share option scheme were presented as treasury shares in both consolidated and separate financial statements of the Company.

The total number of issued ordinary shares includes treasury shares as set out in the table below.

A summary of movements in the issued share capital from 18 March 2021 (date of incorporation) to 30 April 2023 was as follows:

	Number of shares authorised	Number of shares in issue	Share capital RMB'000
At 18 March 2021 (date of incorporation)	50,000	–	–
Share issued	–	1	–
At 31 December 2021 and 1 January 2022	50,000	1	–*
Share subdivision	2,499,950,000	49,999	–*
Shares issued	–	515,413,918	74
At 31 December 2022 and 30 April 2023	2,500,000,000	515,463,918	74

* less than RMB1,000.

30. SHARE AWARD SCHEME

Share Scheme of Jiangxi Tanwan

Jiangxi Tanwan Information Technology Co., Ltd. ("Jiangxi Tanwan"), a subsidiary of the Group, granted share awards of Jiangxi Tanwan's shares at nominal values to incentivise and retain the key employees since its establishment. The grant of awards was conducted through four share-based payment incentive platforms, named Shangrao Hechuang Enterprise Management Centre (Limited Partnership) ("Shangrao Hechuang ESOP"), Shangrao Hezhong Enterprise Management Centre (Limited Partnership) ("Shangrao Hezhong ESOP"), Shangrao Hongbang Enterprise Management Centre (Limited Partnership) ("Shangrao Hongbang ESOP") and Shangrao Qichuang Enterprise Management Centre (Limited Partnership) ("Shangrao Qichuang ESOP").

During the year ended 31 December 2020, 2.11% equity interests in Shangrao Hongbang ESOP were granted to Ms. Wu Xuan for nil consideration. There was no performance or service conditions for the award and the shares were fully vested upon grant.

During the year ended 31 December 2020, 78.27% equity interests in Shangrao Hezhong ESOP were granted to selected key employees for nil consideration. There was no performance or service conditions for the award and the shares were fully vested upon grant.

During the year ended 31 December 2020, 100% equity interests in Shangrao Qichuang ESOP and Shangrao Hechuang ESOP were granted to selected key employees for nil consideration. There was no performance or service conditions for the award and the shares were fully vested upon grant.

The aforesaid transactions have been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the issued shares on the grant date and recognised the compensation expenses of RMB1,816,114,000 in the year ended 31 December 2020.

The fair value of these shares at the grant date is determined by income approach (discounted cash flow model). The key assumptions used in determining the fair value mainly included:

- Growth rate of 3% ~ 23% per annum;
- EBIT rate of 13% ~ 18%;
- Discount rate (WACC) of 15% per annum;
- Discounts for lack of marketability (DLOM) of 20%.

Pre-**[REDACTED]** Share Option Scheme

The Company adopted the Pre-**[REDACTED]** Share Option Scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Scheme became effective on 4 November 2022 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable under share options to service providers in the Scheme is limited to 3.39% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the board of directors, and commences on a specified date and ends on a date which is not later than 15 November 2032.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme of the Company during the Relevant Periods:

	Numbers of share options								
Date of grant	At 1 January 2022	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	At 31 December 2022	At 30 April 2023	Exercise period (both dates inclusive)	Exercise price per share
16/11/2022	–	3,865,979	–	–	–	3,865,979	3,865,979	30/11/2023 to 15/11/2032	US$0.00002
16/11/2022	–	3,865,979	–	–	–	3,865,979	3,865,979	31/5/2024 to 15/11/2032	US$0.00002
16/11/2022	–	3,865,979	–	–	–	3,865,979	3,865,979	30/11/2024 to 15/11/2032	US$0.00002
16/11/2022	–	3,865,981	–	–	–	3,865,981	3,865,981	31/5/2025 to 15/11/2032	US$0.00002
16/11/2022	–	2,000,000	–	–	–	2,000,000	2,000,000	29/2/2024 to 15/11/2032	US$0.00002
		17,463,918				17,463,918	17,463,918		

The Group recognised share option expenses of RMB42,883,000 and RMB70,599,000 during the year ended 31 December 2022 and four months ended 30 April 2023.

The fair value of equity-settled share options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Principal valuation parameter	16 November 2022
Exercise price(US$ per share)	0.00002
Risk-free interest rate(%)	3.67%
Expected life of options(years)	10
Expected volatility(%)	51.15%
Expected dividend yield(%)	0%

The expected life of the share options is the contractual life to maturity of the share options, and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At 30 April 2023, the Company had 17,463,918 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 17,463,918 additional ordinary shares of the Company and additional share capital of RMB3,000 (before issue expenses).

31. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and four months ended 30 April 2022 are presented in the consolidated statement of changes in equity of the Group.

(a) Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group and the reserves resulting from transactions with non-controlling interests. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except that in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, it can be used to offset accumulated losses or be capitalised as paid-up capital.

(c) Share incentive reserve

The Group reserved some shares and options for the purpose of providing incentives and rewards to certain eligible grantees for the growth and development of the Group. The share incentive reserve comprises the reserve arising from equity-settled share awards.

32. BUSINESS COMBINATION

During the year ended 31 December 2021, the Group acquired the following subsidiaries at a total consideration of RMB 36,000,000 from independent third parties. These transactions have been accounted for as business combinations using acquisition accounting. Upon completion of the acquisitions, they became subsidiaries of the Company. The principal activities of acquired subsidiaries are sales of good and game marketing and operation in the PRC.

Name of subsidiaries acquired	**Consideration**	**Date of completion of acquisition**	**Equity interest acquired**
	RMB'000		
Guangzhou Chichi Network Technology Co.,Ltd. ("廣州吃吃網絡科技有限公司") ("Guangzhou Chichi")	26,000	September 2021	100%
Hainan Zhangwan Network Technology Co., Ltd. ("海南掌玩網絡科技有限公司") ("Hainan Zhangwan")	10,000	March 2021	51%
Guangzhou Bajiuyou Network Technology Co.,Ltd. ("廣州八九遊網絡科技有限公司") ("Guangzhou Bajiuyou")	–	June 2021	51%
	36,000		

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property and equipment	13	4,511
Right-of-use assets	14	6,619
Other intangible assets	16	47,204
Prepayments, other receivables and other assets		38,238
Deferred tax assets		6,270
Trade receivables		58,199
Financial assets at fair value through profit or loss		12,000
Cash and cash equivalents		68,118
Trade and bills payables		(200,629)
Other payables and accruals		(40,057)
Lease liabilities	14	(6,686)
Tax payable		(4,688)
Total identifiable net assets		(10,901)
Non-controlling interests		4,402
Goodwill	15	42,499
		36,000

The fair value of trade and other receivables acquired at the date of acquisition is approximately equal to gross contractual amounts. The best estimate at acquisition date of the contractual cash flows not expected to be collected is considered as insignificant.

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of the fair value amounts of net assets of acquired subsidiaries.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(36,000)
Cash and bank balances acquired	68,118
Net inflow of cash and cash equivalents included in cash flows from investing activities	32,118

Since the acquisition, the subsidiaries contributed RMB889,887,000 to the Group's revenue and loss RMB4,549,000 to the Group's profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2021 would have been RMB5,926,410,000 and RMB571,510,000, respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

For the years ended 31 December 2020, 2021, 2022 and the four months ended 30 April 2022 and 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB27,683,000, RMB74,231,000, RMB45,579,000, and RMB3,678,000 and RMB10,603,000 respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from the financing activities

	Lease liabilities	Bank loans	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	119,542	–	119,542
Additions to lease liabilities	27,683	–	27,683
Remeasurement due to lease modification	(1,541)	–	(1,541)
Accretion of interest expenses	6,213	–	6,213
Interest portion of lease payments	(6,213)	–	(6,213)
Principal portion of lease payments	(6,373)	–	(6,373)
At 31 December 2020	139,311	–	139,311
At 1 January 2021	139,311	–	139,311
Proceeds from loans and borrowings	–	91,249	91,249
Repayment of interest expenses	–	(1,308)	(1,308)
Additions to lease liabilities	74,231	–	74,231
Remeasurement due to lease modification	(1,265)	–	(1,265)
Accretion of interest expenses	8,077	9	8,086
Interest portion of lease payments	(8,077)	–	(8,077)
Principal portion of lease payments	(8,662)	–	(8,662)
Acquisition of subsidiaries (note 32)	6,686	–	6,686
At 31 December 2021	210,301	89,950	300,251

	Lease liabilities	Bank loans	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	210,301	89,950	300,251
Proceeds from loans and borrowings	-	856,070	856,070
Repayment of loans and borrowings	-	(385,568)	(385,568)
Repayment of interest expenses	-	(12,577)	(12,577)
Additions to lease liabilities	45,579	-	45,579
Remeasurement due to lease modification	(27,372)	-	(27,372)
Accretion of interest expenses	10,016	7,969	17,985
Interest portion of lease payments	(10,016)	-	(10,016)
Principal portion of lease payments	(16,507)	-	(16,507)
At 31 December 2022	212,001	555,844	767,845
At 1 January 2023	212,001	555,844	767,845
Proceeds from loans and borrowings	-	52,995	52,995
Repayment of loans and borrowings	-	(166,169)	(166,169)
Repayment of interest expenses	-	(1,782)	(1,782)
Additions to lease liabilities	10,603	-	10,603
Remeasurement due to lease modification	(46,387)	-	(46,387)
Accretion of interest expenses	3,047	1,828	4,875
Interest portion of lease payments	(3,047)	-	(3,047)
Principal portion of lease payments	(4,146)	-	(4,146)
At 30 April 2023	172,071	442,716	614,787

	Lease liabilities	Bank loans	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	210,301	89,950	300,251
Proceeds from loans and borrowings	-	400,522	400,522
Repayment of interest expenses	-	(4,725)	(4,725)
Additions to lease liabilities	3,678	-	3,678
Remeasurement due to lease modification	(1,681)	-	(1,681)
Accretion of interest expenses	3,323	717	4,040
Interest portion of lease payments	(3,323)	-	(3,323)
Principal portion of lease payments	(3,363)	-	(3,363)
At 30 April 2022 (unaudited)	208,935	486,464	695,399

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Within operating activities	–	69	30	–	120
Within financing activities	12,586	16,739	26,468	6,798	57,465
	12,586	**16,808**	**26,498**	**6,798**	**57,585**

34. CONTINGENT LIABILITIES

In March 2021, ChuanQi IP Co., Ltd. filed a civil litigation before Fujian Higher People's Court, indicted a total of five defendants including the Group, infringed the computer software copyright of the game "legend of Mir II", and put forward a lawsuit requesting the five defendants to immediately stop infringing the plaintiff's copyright and using any licencing activities related to the game "legend of Mir II" and close www.xuw.com, and also request the five defendants to jointly and severally compensate RMB 100.5 million. After Fujian Higher People's Court accepted the case in April 2021, all defendants raised objections to jurisdiction. In February 2023, the Fujian Provincial Higher People's Court rejected the defendants' objection to jurisdiction in the case. In March 2023, the Group filed an appeal against the above ruling, which is currently pending. Details are set out in the Document headed "Business — Legal Proceedings and Compliance — Legal Proceedings". The directors of the Company, based on the advice from the Company's legal counsel and the progress of the case, believe that the ultimate outcome of this litigation cannot be reliably estimated.

35. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Capital contributions payable to joint ventures	90,000	–	–	–
Capital contributions payable to associates	7,000	15,000	29,000	19,200
Intangible assets	–	35,000	–	–
	97,000	50,000	29,000	19,200

(b) The Group has various lease contracts that have not yet commenced as at 30 April 2023. The future lease payments for these non-cancellable lease contracts are RMB 40,082,000 due in the fourth to fifth years.

36. RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the periods presented.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Relevant Periods.

Name of related parties	Relationship with the Group
Guangzhou Ziyun Cloud Computing Co., Ltd. ("Guangzhou Ziyun")	Joint venture
Guangzhou Zeda New Culture and Creative Industry Development Co., Ltd. ("Guangzhou Zeda")	Joint venture
Kairui (Hangzhou) Information Technology Co., Ltd. ("Kairui")*	Subsidiary of joint venture before 15 July 2022
Fuzhou Zizai Entertainment Internet Technology Co., Ltd. ("Fuzhou Zizai")	Associate
Mr. Wu Xubo	Key management personnel
Ms. Wu Xuan	Key management personnel
Mr. Luo Xihu	Key management personnel

* Kairui was disposed by the joint venture on 15 July 2022, after which it has not been a related party of the Group.

(b) Significant transactions with related parties

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Purchase of server custody service from Guangzhou Ziyun	–	1,110	–	–	–
Marketing and operation service provided to Kairui	–	–	1,642	196	–
	–	1,110	1,642	196	–

The purchase of server custody service from the related party and marketing services provided to the related party were made according to the prices and terms agreed between the parties.

(c) Other transactions with related parties

As at 30 April 2023, the Group's investment in Zeda was pledged to the Agricultural Bank of China to guarantee the bank borrowings of Zeda with the maximum guarantee amount of RMB405,000,000.

(d) Outstanding balances with related parties

The Group

Amounts due from related parties

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guangzhou Zeda*	98,766	95,000	–	–
Mr. Luo Xihu*	1,000	–	–	–
Fuzhou Zizai**	–	–	16,981	16,981
	99,766	95,000	16,981	16,981

*The amounts due from Guangzhou Zeda and Mr. Luo Xihu are non-trade in nature, unsecured, interest-free and repayable on demand.

**The amounts due from Fuzhou Zizai are prepayment and trade in nature.

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. During the Relevant Periods, the Group estimated that the expected loss rate for the above receivables is not material.

Amounts due to related parties

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guangzhou Ziyun	–	64	–	–
	–	64	–	–

Amounts due to related parties are trade in nature and repayable within 180 days.

The Company

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
Amount due from subsidiaries	–	5	–
Amount due to subsidiaries	12,760	1,966	50,556

Amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable within 12 months.

Amount due to subsidiaries are non-interest-bearing and normally settled within 12 months.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	1,653	1,535	2,074	557	794
Share-based payments	474,948	–	9,093	–	15,544
Pension scheme contributions	5	41	44	15	14
	476,606	1,576	11,211	572	16,352

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 April
Financial assets	**2020**	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Financial assets at fair value through profit or loss	550,446	1,089,969	1,271,335	1,277,878
At amortised cost:				
Financial assets included in prepayments, other receivables and other assets	374,429	236,023	266,402	344,983
Cash and cash equivalents	393,472	693,608	213,422	399,270
Trade receivables	221,996	271,086	426,817	308,273
Amounts due from related parties	99,766	95,000	–	–
Pledged deposits	1,421,157	3,262,046	6,402,359	6,606,560
Restricted cash	102,876	35,863	10,394	39,190
	3,164,142	5,683,595	8,590,729	8,976,154

Financial liabilities at amortised cost	As at 31 December 2020	2021	2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	89,950	555,844	442,716
Trade payables	275,562	560,035	523,649	532,211
Bills payables	1,729,989	3,422,140	5,640,211	5,861,676
Financial liabilities included in other payables and accruals	859,007	741,935	579,886	502,498
Lease liabilities	139,311	210,301	212,001	172,071
Amounts due to related parties	–	64	–	–
	3,003,869	5,024,425	7,511,591	7,511,172

The Company

Financial assets at amortised cost	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	180	890
Due from subsidiaries	–	5	–
	–	185	890

Financial liabilities at amortised cost	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
Other payables	–	45,463	2,046
Due to subsidiaries	12,760	1,966	50,556
	12,760	47,429	52,602

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2020, 2021, 2022 and 30 April 2023, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the carrying amounts of cash and cash equivalents, pledged deposits, trade receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade payables, amounts due to related parties, financial liabilities included in other payables and accruals, and discounted bills reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of lease liabilities, non-current portion of pledged deposits and non-current portion of time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of unlisted fund investments designated at fair value through profit or loss have been estimated using an asset-based valuation technique with reasonable and observable market prices as inputs.

The Group has unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	50,611	499,835	–	550,446

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	8,441	1,081,528	–	1,089,969

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	799,805	471,530	–	1,271,335

As at 30 April 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	597,585	680,293	–	1,277,878

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities.

Assets for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged deposits, non-current portion	–	876,395	–	876,395
Non-pledged time deposit with original maturity of over one year	–	150,184	–	150,184
	–	1,026,579	–	1,026,579

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged deposits, non-current portion	–	2,022,247	–	2,022,247
Non-pledged time deposit with original maturity of over one year	–	34,720	–	34,720
	–	2,056,967	–	2,056,967

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged deposits, non-current portion	–	3,395,558	–	3,395,558

As at 30 April 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged deposits, non-current portion	–	3,006,106	–	3,006,106
Non-pledged time deposit with original maturity of over one year	–	101,751	–	101,751
	–	3,107,857	–	3,107,857

39. FINANCIAL RIS.K MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bills payables, other interest-bearing loans, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has many other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	230,606	230,606
Financial assets included in prepayments, other receivables and other assets					
– Normal**	374,429	–	–	–	374,429
– Doubtful**	–	–	12,372	–	12,372
Pledged deposits	1,421,157	–	–	–	1,421,157
Restricted cash – Not yet past due	102,876	–	–	–	102,876
Cash and cash equivalents – Not yet past due	393,472	–	–	–	393,472
Amount due from related parties	99,766	–	–	–	99,766
	2,391,700	–	12,372	230,606	2,634,678

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	273,863	273,863
Financial assets included in prepayments, other receivables and other assets					
– Normal**	236,023	–	–	–	236,023
– Doubtful**	–	–	17,187	–	17,187
Pledged deposits	3,262,046	–	–	–	3,262,046
Restricted cash – Not yet past due	35,863	–	–	–	35,863
Cash and cash equivalents – Not yet past due	693,608	–	–	–	693,608
Amount due from related parties	95,000	–	–	–	95,000
	4,322,540	–	17,187	273,863	4,613,590

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	430,209	430,209
Financial assets included in prepayments, other receivables and other assets					
– Normal**	266,402	–	–	–	266,402
– Doubtful**	–	–	18,791	–	18,791
Pledged deposits	6,402,359	–	–	–	6,402,359
Restricted cash – Not yet past due	10,394	–	–	–	10,394
Cash and cash equivalents – Not yet past due	213,422	–	–	–	213,422
	6,892,577	–	18,791	430,209	7,341,577

As at 31 April 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	311,614	311,614
Financial assets included in prepayments, other receivables and other assets					
– Normal**	344,983	–	–	–	344,983
– Doubtful**	–	–	20,731	–	20,731
Pledged deposits	6,611,636	–	–	–	6,611,636
Restricted cash – Not yet past due	39,190	–	–	–	39,190
Cash and cash equivalents – Not yet past due	399,270	–	–	–	399,270
	7,395,079	–	20,731	311,614	7,727,424

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group had certain concentrations of credit risk. As at 31 December 2020, 2021, 2022 and 30 April 2023, 24.1%, 22.4%, 25.0% and 19.5% of the Group's trade receivables were due from the Group's largest debtor, respectively, and 74.4%, 66.7%, 60.8% and 61.9% of the Group's trade receivables were due from the Group's five largest debtors, respectively.

Liquidity risk

In the management of liquidity risk, the Group aims to maintain sufficient cash and cash equivalents.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities, interest-bearing bank and other borrowings, trade and bills payables and other payables.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2020	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	618	8,183	54,893	127,761	191,455
Trade payables	62,803	63,294	149,465	–	–	275,562
Bills payables	–	571,560	1,170,843	–	–	1,742,403
Other payables (excluding salaries and benefits payable, and other tax payables)	–	239,912	619,095	–	–	859,007
	62,803	875,384	1,947,586	54,893	127,761	3,068,427

31 December 2021	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	5,291	35,690	109,182	113,172	263,335
Interest-bearing bank and other borrowings	–	–	91,249	–	–	91,249
Trade payables	8,201	108,429	443,405	–	–	560,035
Bills payables	–	727,811	2,727,888	–	–	3,455,699
Other payables (excluding salaries and benefits payable, and other tax payables)	–	415,031	326,904	–	–	741,935
Amount due to related parties	64	–	–	–	–	64
	8,265	1,256,562	3,625,136	109,182	113,172	5,112,317

31 December 2022	On demand	Less than 3months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	-	10,644	25,391	124,564	98,584	259,183
Interest-bearing bank and other borrowings	-	204,594	354,549	-	-	559,143
Trade payables	2,369	27,871	493,409	-	-	523,649
Bills payables	-	1,037,882	4,642,922	-	-	5,680,804
Other payables (excluding salaries and benefits payable, and other tax payables)	-	472,498	107,388	-	-	579,886
	2,369	1,753,489	5,623,659	124,564	98,584	7,602,665

30 April 2023	On demand	Less than 3months	3 to less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	-	8,406	17,106	92,604	94,251	212,367
Interest-bearing bank and other borrowings	-	176,857	268,477	-	-	445,334
Trade payables	3,226	74,647	454,338	-	-	532,211
Bills payables	-	2,089,457	3,807,529	-	-	5,896,986
Other payables (excluding salaries and benefits payable, and other tax payables)	-	441,239	61,259	-	-	502,498
	3,226	2,790,606	4,608,709	92,604	94,251	7,589,396

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss as at 31 December 2022 and 30 April 2023 (note 19). The Group's listed investments are **[REDACTED]** on the Hong Kong stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year/period were as follows:

	31 December 2022	**High/low 2022**
Hong Kong – Hang Seng Index	19,781	25,051 /14,597
Shenzhen – A Share Index	11,016	14,941 / 10,088

	30 April 2023	**High/low 2023**
Hong Kong – Hang Seng Index	19,895	22,701/18,829

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022/ Year ended 31 December 2022			
Investments listed in:			
Hong Kong	437,857	21,893	16,420
Shenzhen	361,948	18,097	13,573
	799,805	**39,990**	**29,993**

	Carrying amount of equity investments	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	RMB'000	*RMB'000*	*RMB'000*
As at 30 April 2023/ Four months ended 30 April 2023			
Investments listed in:			
Hong Kong	597,585	29,879	22,409
	597,585	**29,879**	**22,409**

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. The Group's overall strategy remained unchanged during the reporting period.

The asset-liability ratios as at the end of each reporting period are as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	3,862,112	6,558,427	9,798,906	10,212,297
Total liabilities	3,199,930	5,384,196	8,089,870	8,199,358
Asset-liability ratio	83%	82%	83%	80%

40. EVENTS AFTER THE RELEVANT PERIODS

Since the end of the Track Record Period, for the purpose of strengthening strategical alliance with a major player in the digital entertainment industry chain and creating cross-industry synergy, the Group has participated in a judicial auction to acquire 1.07% equity interests of Zhejiang Century Huatong Group Co., Ltd., and injected capital investment in Guangzhou Xili Technology Co., Ltd. For further details of the acquisitions, see "Waivers and Exemptions — Equity Interests Acquired After The Track Record Period" in the Document.

On August 15, 2023, the Company declared a special dividend in the amount of RMB50,000,000, the payment of which will be fully settled prior to the **[REDACTED]** by cash using internal resources. For further details of the special dividend, see "Summary — Future Dividends" in the Document.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2023.