The following is the text of a report set out on pages I-1 to I-110, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MAIYUE TECHNOLOGY LIMITED AND QUAM CAPITAL LIMITED

Introduction

We report on the historical financial information of Maiyue Technology Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-110, which comprises the consolidated statements of financial position of the Group as at 31 December 2020, 2021, 2022 and 30 April 2023 and the statements of financial position of the Company as at 31 December 2020, 2021, 2022 and 30 April 2023 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2020, 2021, 2022 and four months ended 30 April 2023 (the "**Relevant Periods**"), and a summary of material accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-110 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial

Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2020, 2021, 2022 and 30 April 2023 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the four months ended 30 April 2022 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 31(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Four months ended 30 April	
	Note	2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4*	207,074	201,742	243,255	7,996	8,641
Cost of sales		(131,701)	(102,863)	(138,624)	(6,682)	(6,988)
Gross profit		75,373	98,879	104,631	1,314	1,653
Other net income	*5*	5,130	4,839	3,955	1,313	2,336
Selling expenses		(4,633)	(7,928)	(6,828)	(1,603)	(2,342)
Administrative expenses		(19,783)	(25,802)	(30,818)	(18,254)	(17,164)
Research and development expenses	*6(c)*	(6,668)	(6,863)	(5,748)	(3,075)	(1,378)
Profit/(loss) from operations		49,419	63,125	65,192	(20,305)	(16,895)
Finance costs	*6(a)*	(5,514)	(8,180)	(8,907)	(2,834)	(2,952)
Share of profit/(loss) of an associate		929	(131)	—	—	—
Share of loss of a joint venture		—	(33)	(88)	(66)	(14)
Profit/(loss) before taxation	*6*	44,834	54,781	56,197	(23,205)	(19,861)
Income tax	*7(a)*	(5,396)	(8,498)	(7,141)	3,463	2,977
Profit/(loss) for the year/period		39,438	46,283	49,056	(19,742)	(16,884)
Attributable to:						
Equity shareholders of the Company		39,438	45,978	48,774	(19,502)	(16,676)
Non-controlling interests		—	305	282	(240)	(208)
Profit/(loss) for the year/period		39,438	46,283	49,056	(19,742)	(16,884)
Other comprehensive income for the year/period						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of operations outside the mainland China		—*	117	(936)	(345)	159
Total comprehensive income for the year/period		39,438	46,400	48,120	(20,087)	(16,725)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Four months ended 30 April	
	Note	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Attributable to:						
Equity shareholders of the Company. . .		39,438	46,095	47,838	(19,847)	(16,517)
Non-controlling interests		—	305	282	(240)	(208)
Total comprehensive income for the year/period		39,438	46,400	48,120	(20,087)	(16,725)
Earnings per share						
Basic and diluted	*10*	39,438.00	5.26	4.88	(1.95)	(1.67)

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December			As at 30 April
		2020	2021	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	40,535	106,153	10,942	10,628
Intangible assets	12	6,329	8,593	10,754	12,036
Interests in an associate	15(a)	5,829	—	—	—
Interests in a joint venture	16(a)	1,950	1,917	1,829	1,815
Equity securities designated at fair value through other comprehensive income (FVOCI)	17	—	—	—	39,959
Deferred tax assets	30(b)	2,130	3,114	3,691	6,668
Other non-current assets	11(iv)	—	—	5,000	5,000
		56,773	119,777	32,216	76,106
Current assets					
Inventories	18	3,346	2,287	4,460	8,559
Contract assets	20(a)	7,413	7,871	22,630	19,278
Trade and other receivables	21	151,051	235,010	261,369	257,096
Pledged bank deposits	22	—	79	2,743	1,365
Cash and cash equivalents	23	56,116	49,156	62,601	3,864
		217,926	294,403	353,803	290,162
Non-current assets classified as held for sale	19	—	—	96,192	—
		217,926	294,403	449,995	290,162
Current liabilities					
Trade and other payables	24	84,756	149,638	75,111	57,554
Contract liabilities	20(b)	597	937	3,018	1,122
Lease liabilities	25	771	1,128	421	453
Bank and other loans	26	32,537	68,617	86,057	61,988
Convertible bond	27	8,022	—	—	—
Current taxation	30(a)	9,040	8,544	5,169	4,757
		135,723	228,864	169,776	125,874
Liabilities directly associated with non-current assets classified as held for sale	19	—	—	58,932	—
		135,723	228,864	228,708	125,874
Net current assets		82,203	65,539	221,287	164,288
Total assets less current liabilities		138,976	185,316	253,503	240,394
Non-current liabilities					
Lease liabilities	25	569	—	126	16
Bank and other loans	26	53,516	51,613	71,874	74,850
Deferred revenue	28	1,350	2,380	2,060	2,810
		55,435	53,993	74,060	77,676
NET ASSETS		83,541	131,323	179,443	162,718

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

(Expressed in RMB)

		As at 31 December			As at 30 April
	Note	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Share capital	*31(b)*	—*	—*	—*	—*
Reserves	*31(c)*	83,541	129,636	177,474	160,957
Total equity attributable to equity shareholders of the Company		83,541	129,636	177,474	160,957
Non-controlling interests		—	1,687	1,969	1,761
TOTAL EQUITY		83,541	131,323	179,443	162,718

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December			As at 30 April
		2020	2021	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Interests in a subsidiary	13	—*	—*	—*	—*
Property, plant and equipment		—	—	—	6
		—*	—*	—*	6
Current assets					
Cash and cash equivalents		—	112	82	76
Amounts due from subsidiaries	21(iii)	—	757	1,336	1,356
Prepayment and other receivables	21(iv)	—	4,175	6,121	6,931
		—	5,044	7,539	8,363
Current liabilities					
Amounts due to subsidiaries	24(iv)	—	7,758	13,001	18,997
Other payables	24(v)	—*	2,744	3,659	106
Amounts due to a shareholder	24(vi)	—	—	91	45
		—*	10,502	16,751	19,148
Net current liabilities		—*	(5,458)	(9,212)	(10,785)
Total assets less current liabilities		—*	(5,458)	(9,212)	(10,779)
NET LIABILITIES		—*	(5,458)	(9,212)	(10,779)
CAPITAL AND RESERVE					
Share capital	31(b)	—*	—*	—*	—*
Reserve		—*	(5,458)	(9,212)	(10,779)
TOTAL EQUITY/(DEFICIT)		—*	(5,458)	(9,212)	(10,779)

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*		
Balance at 1 January 2020		—*	(36,047)	—*	10,641	69,509	44,103
Changes in equity for the year ended 31 December 2020:							
Profit and total comprehensive income for the year		—	—	—*	—	39,438	39,438
Appropriation to PRC statutory reserves		—	—	—	271	(271)	—
Balance at 31 December 2020		—*	(36,047)	—*	10,912	108,676	83,541

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*			*31(d)*	
Balance at 1 January 2021		—*	(36,047)	—*	10,912	108,676	83,541	—	83,541
Changes in equity for the year ended 31 December 2021:									
Profit for the year		—	—	—	—	45,978	45,978	305	46,283
Other comprehensive income for the year		—	—	117	—	—	117	—	117
Total comprehensive income for the year		—	—	117	—	45,978	46,095	305	46,400
Issuance of new share	*31(b)*	—*	—	—	—	—	—*	—	—*
Acquisition of a subsidiary with non-controlling interests	*23(d)*	—	—	—	—	—	—	1,382	1,382
Appropriation to PRC statutory reserves		—	—	—	301	(301)	—	—	—
Balance at 31 December 2021		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company							
		Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		31(b)	31(c)(ii)	31(c)(iv)	31(c)(iii)			31(d)	
Balance at 1 January 2022		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323
Changes in equity for the year ended 31 December 2022:									
Profit for the period		—	—	—	—	48,774	48,774	282	49,056
Other comprehensive income for the period		—	—	(936)	—	—	(936)	—	(936)
Total comprehensive income for the period		—	—	(936)	—	48,774	47,838	282	48,120
Appropriation to PRC statutory reserves		—	—	—	177	(177)	—	—	—
Balance at 31 December 2022		—*	(36,047)	(819)	11,390	202,950	177,474	1,969	179,443

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*			*31(d)*	
Balance at 1 January 2023		—*	(36,047)	(819)	11,390	202,950	177,474	1,969	179,443
Changes in equity for the period ended 30 April 2023:									
Loss for the period		—	—	—	—	(16,676)	(16,676)	(208)	(16,884)
Other comprehensive income for the period		—	—	159	—	—	159	—	159
Balance at 30 April 2023		—*	(36,047)	(660)	11,390	186,274	160,957	1,761	162,718
(Unaudited)									
Balance at 1 January 2022		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323
Changes in equity for the period ended 30 April 2022:									
Loss for the period		—	—	—	—	(19,502)	(19,502)	(240)	(19,742)
Other comprehensive income for the period		—	—	(345)	—	—	(345)	—	(345)
Balance at 30 April 2022		—*	(36,047)	(228)	11,213	134,851	109,789	1,447	111,236

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Years ended 31 December			Four months ended 30 April	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities						
Cash generated from/(used in) operations	*23(b)*	6,588	16,710	21,207	(24,160)	(31,233)
Income tax paid	*30(a)*	(1,091)	(10,035)	(11,093)	(217)	(412)
Net cash generated from/(used in) operating activities		5,497	6,675	10,114	(24,377)	(31,645)
Investing activities						
Payment for the purchase of property, plant and equipment		(25,099)	(10,872)	(6,749)	(415)	(170)
Payment for software license		—	(570)	(91)	—	—
Proceeds from disposal of property, plant and equipment		—	372	338	38	—
Expenditure on development costs		(5,160)	(7,132)	(8,755)	(858)	(3,225)
Investment in an associate		(490)	—	—	—	—
Investment in a joint venture		—	(650)	—	—	—
Acquisition of subsidiary, net of cash acquired	*23(d)*	—	938	—	—	—
Placement of pledged bank deposits		(672)	(79)	(2,743)	—	—
Uplift of pledged bank deposits		4,912	—	79	—	1,378
Net cash used in investing activities		(26,509)	(17,993)	(17,921)	(1,235)	(2,017)
Financing activities						
Issuance of share	*31(b)*	—	—*	—	—	—
Capital injection from shareholders	*31(c)(ii)*	4,060	—	—	—	—
Capital element of lease rentals paid	*23(c)*	(229)	(257)	(1,397)	(100)	(131)
Interest element of lease rentals paid	*23(c)*	(25)	(12)	(16)	(1)	(5)
Proceeds from new bank and other loans	*23(c)*	74,796	64,974	108,355	5,546	6,000
Repayment of bank and other loans	*23(c)*	(40,960)	(41,616)	(75,011)	(17,116)	(28,484)
Proceeds from convertible bond	*23(c)*	8,000	—	—	—	—
Repayment of convertible bond	*23(c)*	—	(8,000)	—	—	—
Payment for reorganisation	*31(c)(ii)*	(2,560)	—	—	—	—
Interest paid	*23(c)*	(1,275)	(8,015)	(8,531)	(3,420)	(1,554)
Payment of **[REDACTED]**		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Net cash generated from/(used in) financing activities		40,590	4,358	21,252	(15,964)	(25,075)
Net increase/(decrease) in cash and cash equivalents		19,578	(6,960)	13,445	(41,576)	(58,737)
Cash and cash equivalents at 1 January	*23(a)*	36,538	56,116	49,156	49,156	62,601
Effect of foreign exchange rate changes		—	—*	—*	(36)	—*
Cash and cash equivalents as at 31 December/30 April	*23(a)*	56,116	49,156	62,601	7,544	3,864

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Maiyue Technology Limited (the "**Company**") was incorporated in the Cayman Islands on 21 March 2019 as an exempted company with limited liability under the Cayman Companies Act.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the Group reorganisation mentioned below. The Company and its subsidiaries (together, "**the Group**") are principally engaged in the development of application software and provision of integrated IT solution services whereby the Group designs and implements integrated IT solutions for the Group's customers by integrating different hardware and software to satisfy various IT requirements and needs of the Group's customers.

Pursuant to a group reorganisation completed on 27 December 2019 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group.

Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Guangxi Silunjie Information Technology Company Limited ("**Guangxi Silunjie**") and its subsidiaries. To rationalise the corporate structure in preparation of the **[REDACTED]** of the Company's shares on The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation, as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Document. Upon completion of the Reorganisation, the Company became the holding company of the Group.

As Guangxi Silunjie was controlled by the shareholders, Mr. Li Changqing, Ms. Deng Caidie, Mr. Wang Yufei and Mr. Zhang Guangbai, who are acting in concert before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Reorganisation only involved inserting newly formed entities with no substantive operations as the new holding companies of Guangxi Silunjie, the former holding company of the Group, during the Relevant Periods. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of Guangxi Silunjie with the assets and liabilities of Guangxi Silunjie recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

As at the date of this report, no audited financial statements have been prepared for the Company and Hanyu Information Technology Limited ("**Hanyu Information BVI**"), as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries/regions in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest		Principal activities	Audited financial period ended	Name of statutory auditor
			Held by the Company	Held by the subsidiary			
Directly held							
Hanyu Information Technology Limited (瀚宇信息科技股份有限公司).	British Virgin Islands (BVI)/ 4 February 2019	US$1/ US$50,000	100%	—	Investment holding	N/A	N/A
Indirectly held							
Hong Kong Chenyang Information Technology Limited (香港晨陽信息科技股份有限公司) *(Note (iv))*	Hong Kong/ 24 April 2019	HK$1/ HK$1	—	100%	Investment holding	31 December 2020, 2021 and 2022	Prism CPA Limited ("**Prism**") (栢淳會計師事務所有限公司)
Wanjia Hongxin International Limited (萬嘉宏信國際有限公司) *(Note (iv))*	Hong Kong/ 8 August 2019	HK$1/ HK$1	—	100%	Investment holding	31 December 2020, 2021 and 2022	Prism
Guangxi Huahe Digital Technology Company Limited (廣西華合數碼科技有限公司) *(Notes (i) and (ii))*	The People's Republic of China (the "**PRC**")/ 21 August 2019	RMB Nil/ RMB10,000,000	—	100%	Investment holding	31 December 2020	Beijing Yongkun GP ("**Beijing Yongkun**") (北京永坤會計師事務所 (普通合夥) *(Note (i))*
						31 December 2021	Beijing Xintuo Zixin Accounting Firm Co., Ltd. ("**Beijing Xintuo**") (北京信拓孜信會計師事務所有限公司) *(Note (i))*
						31 December 2022	Beijing Yihuan GP ("**Beijing Yihuan**") (北京一環會計(普通合夥)) *(Note (i))*

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by the subsidiary	Principal activities	Audited financial period ended	Name of statutory auditor
Guangxi Silunjie Information Technology Company Limited (廣西思倫捷信息科技有限公司) *(Notes (i) and (iii))*	PRC/ 25 October 2017	RMB5,368,500/ RMB5,368,500	—	100%	Software development and provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Nanning Maiyue Software Company Limited ((南寧市邁越軟件有限責任公司) *(Notes (i) and (iii))*	PRC/ 13 March 2003	RMB5,100,000/ RMB5,100,000	—	100%	Provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Guangxi Nanning Yuchang Kejiao Equipment Company Limited (廣西南寧市宇常科教設備有限公司) *(Notes (i) and (iii))*	PRC/ 15 November 2010	RMB5,000,000/ RMB5,000,000	—	100%	Provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Guangxi Shuguang Maiyue Technology Limited (廣西數廣邁越科技有限公司) ("**Shuguang Maiyue**") *(Notes (i) and (iii))* *(Note 13)*	PRC/ 10 October 2019	RMB1,040,000/ RMB52,040,000	—	51%	Provision of integrated IT solutions	31 December 2020	Beijing Yilinao GP (北京義林奧會計師事務所 (普通合夥))
						31 December 2021	Beijing Xintuo
						31 December 2022	Guangxi KeGui Certified Public Accountants Co., Ltd. (廣西科桂會計師事務所有限公司)

Notes:

(i) The official name of this entity is in Chinese. The English name is for identification purpose only.

(ii) This entity was registered as a wholly foreign-owned enterprise under the PRC Law. The statutory financial statements of this entity for the year ended 31 December 2020, 2021 and 2022 was prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

(iii) This entity was registered as a domestic enterprise under the PRC Law. The statutory financial statements of these entities for the year ended 31 December 2020, 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

(iv) The statutory financial statements of these entities for the year ended 31 December 2020, 2021 and 2022 were prepared in accordance with Hong Kong Financial Reporting Standards.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods consistently throughout the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2023 are set out in Note 36.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

These Historical Financial Information are presented in Renminbi ("**RMB**") rounded to the nearest thousand. RMB is the functional currency and the reporting currency for the Company's subsidiaries established in the PRC. The functional currency of the Company and the Company's subsidiaries established in BVI and Hong Kong is Hong Kong Dollars.

The measurement basis used in the preparation of the Historical financial information is the historical cost basis except that the equity securities designated at fair value through other comprehensive income (FVOCI) and the convertible bond at fair value through profit or loss are stated at fair value as explained in Note 2(e) and Note 2(q) respectively.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Associate and joint venture

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

(e) Equity securities designated at fair value through other comprehensive income (FVOCI)

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs. For an explanation of how the Group determines fair value of financial instruments, see Note 32.

An investment in equity securities is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling), such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities are recognised in profit or loss as other income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings	50 years
— Motor vehicles	4–5 years
— Right-of-use assets *(Note 2(i))*	24–60 months
— Furniture, office equipment and others	3–5 years
— Leasehold land	50 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Construction in progress

Construction in progress represents buildings and plant under construction and machinery and equipment under installation and testing, and is stated at cost less accumulated impairment loss, if any (see Note 2(j)(ii)). The cost includes cost of construction, plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent these are regarded as an adjustment to borrowing costs.

Construction in progress is not depreciated until such time as the assets are completed and ready for operational use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in Note 2(f).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(j)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Capitalised development costs	2 years
— Software license	1 year

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily IT equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the consolidated statements of financial position.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables);

— contract assets as defined in HKFRS 15 (see Note 2(l));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

— failure to make payments of principal or interest on their contractually due dates;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets and construction in progress;

— intangible assets, including capitalised development costs;

— investments in associate and joint venture; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Group's inventories mainly include hardware and software.

Inventories are carried at the lower of cost and net realisable value.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Loan and borrowings

Loan and borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(q) Convertible bond

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e., they contain both a liability component and an equity component.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

If the conversion option of a convertible bond issued by the Group can't meet the fixed-for-fixed requirement, then it fails to meet the definition of an equity instrument and is classified as a derivative financial liability embedded in the convertible bond.

Any embedded derivatives with the economic characteristics and risks that are not closely related to those of the host contract, are separated from the host contract, and measured at fair value through profit or loss, unless the Group has designated the entire instrument at fair value through profit or loss upon initial recognition.

If the Group is unable to measure reliably the fair value of an embedded derivative either at acquisition or at the end of a subsequent financial reporting period, the Group designates the entire hybrid instrument at fair value through profit or loss. As the difficulties of valuing the embedded compound derivatives' future cash flow separately, the Group was unable to measure reliably the fair value of the embedded compound derivative including the conversion and early redemption features, which was required to be separated from its host, it designates the entire hybrid instrument including the embedded derivative, as at fair value through profit or loss.

(r) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans:

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Provision of integrated IT solution services

The Group classifies contracts as development of application software and provision of integrated IT solution services whereby the Group designs and implements integrated IT solutions for the Group's customers by integrating different hardware and software to satisfy various IT requirements and needs of the Group's customers. In these contracts, the Group provides both goods (hardware and software) and service (install, wiring and maintenance) to the customers in accordance with the customer's specification. These goods and services are treated as separate obligations as there is no transformative relationship between these items in the process of fulfilling the contract. Revenue related to sales of goods is recognised when the goods are accepted by customers, while revenue related to provision of service is recognised when the services are provided.

(ii) Sales of hardware

Revenue is recognised when the customer takes possession of and accepts the hardware. If the hardware is a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) Sales of software

The Group recognises revenue when control of the software is transferred to the customer. The customer obtains control of software if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that software.

The software is a right to use license because the software has standalone functionality and the customer can use the software as it is available at a point in time. The Group recognises revenue for such licenses at a point in time when the customer has received licenses and thus has control over the software and the Group has present right to payment. In case there is an update of the software, the customers are required to pay additional consideration to buy upgraded version.

(iv) Revenue from warranty contract

Revenue from warranty contract is recognised over the term of the warranty.

(v) Revenue from other information technology service

The Group provides to the customers services such as system upgrade, technical service and maintenance service, software installation, data migration and technology consulting service. The revenue from such services are recognised when the service is accepted by the customers.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(w) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities 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.

(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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) Held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a Group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Historical Financial Information.

(a) Impairment of trade receivables and contract assets

The Group estimates the loss allowances for trade receivables and contract assets by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of reporting period. The Group keeps assessing the expected credit loss of trade receivables and contract assets during their expected lives.

(b) Recoverability of development costs

The Group estimates the recoverability of development costs based on the expected future cash flows to be derived from the assets, discount rates to be applied and the expected period of benefits. The Group keeps assessing the recoverability of development costs during their expected lives.

(c) Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(d) Fair value measurement of convertible bond

The Group estimates the fair value of convertible bond based on the discounted cash flows. Key valuation assumptions used to determine the fair value of the derivative component of the convertible bond are discount rate, risk-free interest rate, credit spread and probability for conversion. The Group keeps assessing the fair value of convertible bond until it's repaid.

(e) Fair value measurement of FVOCI

The Group estimates the fair value of FVOCI based on the adjusted net assets value method. Key valuation assumptions used to determine the fair value is net assets value. For details of the key assumption used and the impact of changes to the key assumption please see Note 32(e).

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of integrated IT solution services, sale of hardware and software and providing warranty, upgrade, technical guidance and maintenance service for customers in the PRC. Further details regarding the Group's principal activities are disclosed in Note 4(b).

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(i) Disaggregation of revenue

	Years 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 from contracts with customers within the scope of HKFRS 15					
Disaggregated by major products or service lines					
— Revenue from provision of integrated IT solution services	189,485	169,337	198,491	1,690	4,976
— Including revenue from contracts on behalf of third-party supplier (net basis)	4,362	5,082	455	—	—
— Revenue from hardware and software sales	12,225	26,834	40,980	5,662	2,924
— Revenue from provision of standalone IT services	5,364	5,571	3,784	644	741
	207,074	201,742	243,255	7,996	8,641

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Disaggregated by timing of revenue recognition					
— Over time	15,453	51,033	14,280	1,059	1,605
— Point in time	191,621	150,709	228,975	6,937	7,036
	207,074	201,742	243,255	7,996	8,641

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

Revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	50,449	46,820	N/A*	N/A*	N/A*
Customer B	21,215	N/A*	N/A*	1,217	N/A*
Customer C	N/A*	N/A*	83,722	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	4,820	N/A*
Customer E	N/A*	N/A*	N/A*	N/A*	4,432
Customer F	N/A*	N/A*	N/A*	N/A*	1,458

* Less than 10% of the Group's revenue in the respective years/periods.

Details of concentration of credit risk are set out in Note 32(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence as at 31 December 2020, 2021, 2022 and 30 April 2023.

As at 31 December 2020, 2021, 2022 and 30 April 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB991,000, RMB1,685,000, RMB1,299,000 and RMB1,170,000 respectively. The Group will recognise the expected revenue in future when or as the service is provided, which is expected to occur over the next 5 years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the reportable segments of the Group.

— Provision of integrated IT solution services: the Group acts as an information solution provider under this segment, it includes primarily the design and implementation of the solution, sales of related software and hardware to customers, and follow-up maintenance.

— Sales of hardware and software: this segment includes solely the sales of hardware and the sales of self-developed software.

— Provision of standalone IT services: this segment includes primarily maintenance service, system upgrade and enhancement service, warranty service, software installation, data migration and technology consulting service.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating expenses, such as staff costs, depreciation and other operation expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning interest income and interest expenses is presented.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below.

	Provision of integrated IT solution services	Sales of hardware and software	Provision of standalone IT services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Revenue	189,485	12,225	5,364	207,074
Cost of sales	(120,355)	(10,324)	(1,022)	(131,701)
Gross profit	69,130	1,901	4,342	75,373
Year ended 31 December 2021				
Revenue	169,337	26,834	5,571	201,742
Cost of sales	(85,216)	(16,452)	(1,195)	(102,863)
Gross profit	84,121	10,382	4,376	98,879
Year ended 31 December 2022				
Revenue	198,491	40,980	3,784	243,255
Cost of sales	(103,716)	(33,634)	(1,274)	(138,624)
Gross profit	94,775	7,346	2,510	104,631
Four months ended 30 April 2022 (unaudited)				
Revenue	1,690	5,662	644	7,996
Cost of sales	(1,141)	(5,331)	(210)	(6,682)
Gross profit	549	331	434	1,314
Four months ended 30 April 2023				
Revenue	4,976	2,924	741	8,641
Cost of sales	(4,130)	(2,672)	(186)	(6,988)
Gross profit	846	252	555	1,653

(ii) Geographic information

The Group's revenue is generated in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER NET INCOME

	Years 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 income	67	50	63	26	732
Government grants *(Note (i))*	5,015	4,931	2,585	931	1,062
Net foreign exchange (loss)/gain	(3)	(157)	986	309	(152)
(Loss)/gain on disposal of property, plant and equipment	—	(9)	294	27	—
Gain on disposals of assets and liabilities held for sale	—	—	—	—	676
Others	51	24	27	20	18
	5,130	4,839	3,955	1,313	2,336

Note:

(i) The government grants mainly represent awards from Guangxi government authorities and VAT refund upon collection.

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(a) Finance costs					
Interest on bank and other loans	5,086	7,897	8,845	2,820	2,945
Fair value loss on convertible bond	348	226	—	—	—
Interest on lease liabilities	80	57	62	14	7
	5,514	8,180	8,907	2,834	2,952
(b) Staff costs					
Salaries, wages and other benefits	15,245	24,503	24,301	7,765	8,740
Contributions to defined contribution retirement plan* *(Note 29)*	79	1,335	1,339	408	470
	15,324	25,838	25,640	8,173	9,210

6 PROFIT BEFORE TAXATION (CONTINUED)

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(c) Other items					
Depreciation *(Note 11)*					
— property, plant and equipment owned	842	885	921	325	350
— right-of-use assets	426	426	532	164	185
Amortisation of intangible assets	2,259	5,438	6,685	2,226	1,943
Impairment losses/(reversal)					
— contract assets *(Note 20(a))*	1,040	(203)	(1,906)	(323)	(102)
— trade and other receivables *(Note 21)*	2,781	1,023	8,297	5,405	6,591
Short-term and low-value assets lease charges	181	1,035	620	483	160
Research and development costs#	6,668	6,863	5,748	3,075	1,378
Cost of inventories *(Note 18(b))*	110,585	76,012	124,094	5,774	6,598
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

* In response to the COVID-19 coronavirus pandemic, in June 2020, the Ministry of Human Resources and Social Security, Ministry of Finance State and Administration of Taxation jointly issued a notice on extending the implementation period of the policy of reducing or exempting enterprise social insurance contributions in stages (關於延長階段性減免企業社會保險費政策實施期限等問題的通知). According to this notice, the Group enjoyed exempting of social insurance contributions from February 2020 to December 2020.

Research and development costs include staff costs for employees in the design, research and development department of software during the Relevant Periods, which are included in the staff costs as disclosed in Note 6(b).

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years 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 tax — PRC Corporate Income Tax					
Provision for the year/period	5,954	9,460	7,718	—	—
Deferred tax — PRC Corporate Income Tax					
Origination and reversal of temporary differences	(558)	(962)	(577)	(3,463)	(2,977)
	5,396	8,498	7,141	(3,463)	(2,977)

(b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	Years 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 taxation	44,834	54,781	56,197	(23,205)	(19,861)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the respective tax jurisdictions *(Notes (i), (ii) and (iii))*	11,208	15,128	14,825	(5,279)	(4,538)
Tax effect of PRC preferential tax treatments *(Notes (iv) & (v))*	(5,084)	(5,834)	(6,206)	2,214	1,954
Tax effect of additional deduction on research and development costs *(Note (vi))*	(847)	(1,128)	(1,303)	(536)	(494)
Tax effect of non-deductible expenses	119	186	158	71	101
Tax effect of tax losses not recognised	—	146	91	67	—*
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 30(b))*	—	—	(424)	—	—
Actual tax expense/(credit)	5,396	8,498	7,141	(3,463)	(2,977)

* This balance represents any amount of less than RMB500

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) For the years ended 31 December 2020, 2021, 2022 and 30 April 2023, no provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax.

(iii) For the Relevant Periods, the subsidiary of the Group established in the PRC is subject to PRC Corporate Income Tax rate at the statutory rate of 25%.

(iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue Software Company Limited ("**Nanning Maiyue**") was qualified as a HNTE in 2016 and the qualification was valid for three years from 2016 to 2018. The qualification was renewed in 2019 and 2022, and the valid period was extended to 2024. Accordingly, for the Relevant Periods, Nanning Maiyue is entitled to a preferential income tax rate of 15%. Guangxi Silunjie was qualified as a HNTE in 2019 and the qualification was valid for three years from 2019 to 2021.

(v) According to the announcement [2020] No. 23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030 ("**Criteria I**"). The PRC Corporate Income Tax Law and its related regulations also allows enterprise established after 1 January 2008 and located in the national autonomous areas to apply for reduction of the corporate income tax by 40% ("**Criteria II**"). One of the Group's subsidiaries, Guangxi Silunjie, meets both the above criteria and gain approval from local tax authority to be taxed at the preferential income tax rate of 9% from 2020 to 2021. Guangxi Silunjie only meet the Criteria I and be entitled to a preferential income tax rate of 15% since 2022. Nanning Maiyue meet Criteria I and be entitled to a preferential income tax rate of 15% for the Relevant Periods..

(vi) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75% of the qualified research and development costs could be deemed as deductible expenses for the years ended 31 December 2020, 2021 and for the nine months ended 30 September 2022. The additional tax deduction ratio is increased to 100% since 1 October 2022. The Company applies the above preferential policies during the Relevant Periods.

8 DIRECTORS' EMOLUMENTS

For the Relevant Periods, details of the emoluments of the directors of the Company are as follows:

	Year ended 31 December 2020				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	199	—	1	200
Mr. Wang Yufei *(i)(ii)*	—	165	—	1	166
Ms. Deng Caidie *(i)(ii)*	—	183	—	1	184
Mr. Zhang Guangbai *(i)(ii)*	—	177	—	1	178
Mr. Ye Shanmin *(i)(iii)*	—	—	—	—	—
Mr. Hui Chi Chung Nevin *(i)(iii)*	—	—	—	—	—
	—	724	—	4	728

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2021				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	209	—	6	215
Mr. Wang Yufei *(i)(ii)*	—	175	—	6	181
Ms. Deng Caidie *(i)(ii)*	—	188	—	6	194
Mr. Zhang Guangbai *(i)(ii)*	—	187	—	6	193
Mr. Ye Shanmin *(i)*	—	136	11	8	155
Mr. Hui Chi Chung Nevin *(i)*	—	136	11	8	155
	—	1,031	22	40	1,093

	Year ended 31 December 2022				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	308	—	6	314
Mr. Wang Yufei *(i)(ii)*	—	234	—	6	240
Ms. Deng Caidie *(i)(ii)*	—	247	—	6	253
Mr. Zhang Guangbai *(i)(ii)*	—	246	—	6	252
Mr. Ye Shanmin *(i)(v)*	—	62	—	3	65
Mr. Hui Chi Chung Nevin *(i)*	—	210	16	11	237
	—	1,307	16	38	1,361

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Four months ended 30 April 2022 (unaudited)				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	100	—	2	102
Mr. Wang Yufei *(i)(ii)*	—	76	—	2	78
Ms. Deng Caidie *(i)(ii)*	—	80	—	2	82
Mr. Zhang Guangbai (i)(ii)	—	77	—	2	79
Mr. Ye Shanmin *(i)(v)*	—	60	—	3	63
Mr. Hui Chi Chung Nevin *(i)*	—	60	—	3	63
	—	453	—	14	467

	Four months ended 30 April 2023				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	127	—	2	129
Mr. Wang Yufei *(i)(ii)*	—	101	—	2	103
Ms. Deng Caidie *(i)(ii)*	—	106	—	2	108
Mr. Zhang Guangbai *(i)(ii)*	—	107	—	2	109
Mr. Hui Chi Chung Nevin *(i)*	—	64	—	3	67
	—	505	—	11	516

8 DIRECTORS' EMOLUMENTS (CONTINUED)

Notes:

(i) On 21 March 2019, Mr. Li Changqing was appointed as a director of the Company. On 15 October 2020, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai, Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin were appointed as directors of the Company. On 20 April 2021, Mr. Li Changqing, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai, Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin were redesignated as executive directors of the Company.

(ii) Mr. Li Changqing, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai were also directors of the Group's subsidiaries and/or employees of the Group during the Relevant Periods and the Group paid emoluments to them in their capacity as the directors of the Group's subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(iii) The Group did not pay any salary to Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin for the year ended 31 December 2020.

(iv) On [•] 2023, Mr. Hou Chang, Mr. Hu Zhongqiang and Mr. Lin Peigan were appointed as independent non-executive directors of the Company. The Group did not pay any salary to the independent non-executive directors during the Relevant Periods.

(v) On 15 March 2022, Mr. Ye Shanmin resigned as the executive director of the Company.

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. No remuneration was paid to independent non-executive directors during the Relevant Periods as the independent non-executive directors were appointed subsequent to the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, nil, nil, 1, 1 and 2 are directors whose emoluments are disclosed in Note 8 for the years ended 31 December 2020, 2021, 2022 and four months ended 30 April 2022 and 2023 respectively. The aggregate of the emoluments in respect of the remaining 5, 5, 4, 4 and 3 individuals for the years ended 31 December 2020, 2021, 2022 and four months ended 30 April 2022 and 2023 respectively are as follows:

	Years 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 and other emoluments	1,312	1,342	1,463	391	422
Discretionary bonuses	—	—	43	—	—
Retirement scheme contributions	5	34	35	8	10
	1,317	1,376	1,541	399	432

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Nil–HK$1,000,000	5	5	4	4	3

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, calculated as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
				(unaudited)	
Profit/(loss) for the year/period attributable to shareholders of the Company	39,438	45,978	48,774	(19,502)	(16,676)
Weight average number of ordinary shares in issue	1	8,740	10,000	10,000	10,000
Basic and diluted earnings per share attributable to equity shareholders of the Company (in thousand RMB per share)	39,438.00	5.26	4.88	(1.95)	(1.67)

During the Relevant Periods, there were no potential dilutive ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Furniture, office equipment and others	Leasehold land	Sub-total	Right-of-use assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
As at 1 January 2020	9,075	1,930	1,013	9,432	21,450	1,546	16	23,012
Additions	—	—	172	—	172	—	20,456	20,628
Disposals	—	(5)	(86)	—	(91)	—	—	(91)
As at 31 December 2020 and 1 January 2021	9,075	1,925	1,099	9,432	21,531	1,546	20,472	43,549
Additions	—	343	409	—	752	—	66,744	67,496
Acquisition through business combination	—	—	3	—	3	—	—	3
Disposals	—	(652)	—	—	(652)	—	—	(652)
As at 31 December 2021 and 1 January 2022	9,075	1,616	1,511	9,432	21,634	1,546	87,216	110,396
Additions	—	812	937	—	1,749	1,100	—	2,849
Reclassify as held for sale *(Note 19)*	—	—	—	(9,432)	(9,432)	—	(87,216)	(96,648)
Disposals	—	(820)	(2)	—	(822)	(441)	—	(1,263)
As at 31 December 2022 and 1 January 2023	9,075	1,608	2,446	—	13,129	2,205	—	15,334
Additions	—	—	170	—	170	51	—	221
As at 30 April 2023	9,075	1,608	2,616	—	13,299	2,256	—	15,555

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Motor vehicles	Furniture, office equipment and others	Leasehold land	Sub-total	Right-of-use assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:								
As at 1 January 2020	207	716	341	16	1,280	368	—	1,648
Charge for the year	207	290	345	189	1,031	426	—	1,457
Written back on disposals	—	(5)	(86)	—	(91)	—	—	(91)
As at 31 December 2020 and 1 January 2021	414	1,001	600	205	2,220	794	—	3,014
Charge for the year	207	331	347	189	1,074	426	—	1,500
Written back on disposals	—	(271)	—	—	(271)	—	—	(271)
As at 31 December 2021 and 1 January 2022	621	1,061	947	394	3,023	1,220	—	4,243
Charge for the year	207	311	341	62	921	532	—	1,453
Reclassify as held for sale *(Note 19)*	—	—	—	(456)	(456)	—	—	(456)
Written back on disposals	—	(799)	—*	—	(799)	(49)	—	(848)
As at 31 December 2022 and 1 January 2023	828	573	1,288	—	2,689	1,703	—	4,392
Charge for the period	69	112	169	—	350	185	—	535
As at 30 April 2023	897	685	1,457	—	3,039	1,888	—	4,927
Net book value:								
As at 31 December 2020	8,661	924	499	9,227	19,311	752	20,472	40,535
As at 31 December 2021	8,454	555	564	9,038	18,611	326	87,216	106,153
As at 31 December 2022	8,247	1,035	1,158	—	10,440	502	—	10,942
As at 30 April 2023	8,178	923	1,159	—	10,260	368	—-	10,628

* The balances represent amounts less than RMB500.

(i) All property, plant and equipment owned by the Group are mainly located in the PRC.

(ii) The Group has obtained the right to use certain office buildings through tenancy agreements during the Relevant Periods. The leases typically run for an initial period of 24 to 60 months. None of the leases includes variable lease payments.

(iii) As at 31 December 2020, 2021, 2022 and 30 April 2023, property, plant and equipment with a carrying amount of RMB18,577,000, RMB8,735,000, RMB8,448,000 and RMB8,353,000 respectively are pledged to secure the Group's bank and other loans and convertible bond (Notes 26 and 27).

(iv) As at 31 December 2022 and 30 April 2023, other non-current asset amounted to RMB5,000,000 represents prepayment for property, plant and equipment.

12 INTANGIBLE ASSETS

	Capitalised development costs	Software license	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2020	3,901	—	3,901
Addition through internal development	5,160	—	5,160
At 31 December 2020 and 1 January 2021	9,061	—	9,061
Addition through internal development	7,132	—	7,132
Additions	—	570	570
At 31 December 2021 and 1 January 2022	16,193	570	16,763
Addition through internal development	8,755	—	8,755
Additions	—	91	91
At 31 December 2022 and 1 January 2023	24,948	661	25,609
Addition through internal development	3,225	—	3,225
At 30 April 2023	28,173	661	28,834
Accumulated amortisation:			
At 1 January 2020	473	—	473
Charge for the year	2,259	—	2,259
At 31 December 2020 and 1 January 2021	2,732	—	2,732
Charge for the year	5,202	236	5,438
At 31 December 2021 and 1 January 2022	7,934	236	8,170
Charge for the year	6,306	379	6,685
At 31 December 2022 and 1 January 2023	14,240	615	14,855
Charge for the period	1,913	30	1,943
At 30 April 2023	16,153	645	16,798
Net book value:			
At 31 December 2020	6,329	—	6,329
At 31 December 2021	8,259	334	8,593
At 31 December 2022	10,708	46	10,754
At 30 April 2023	12,020	16	12,036

The amortisation of capitalised development costs for the years ended 31 December 2020, 2021, 2022 and four months ended 2023 is included in "cost of sales" or "administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

The capitalised development costs refer to the expenditure incurred on projects to develop software which are used to provide services or goods to customers. The capitalised development costs will be amortised on the straight-line basis over its estimated useful life of not more than 2 years, commencing from the date when the software is put into commercial use.

13 INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in unlisted shares, at cost	—*	—*	—*	—*

* The balances represent amounts less than RMB500.

Further details of the subsidiaries of the Group are set out in Note 1.

The following table lists out the information relating to Shuguang Maiyue, the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	49%	49%	49%
Current assets	7,901	8,311	5,740
Non-current assets	67	114	149
Current liabilities	4,526	4,407	2,295
Net assets	3,442	4,018	3,594
Carrying amount of NCI	1,687	1,969	1,761
Profit/(loss) and total comprehensive income	622	576	(424)
Income/(loss) allocated to NCI	305	282	(208)
Dividend paid to NCI	—	—	—
Net cash used in operating activities	(7,552)	(2,504)	(2,964)
Net cash used in investing activities	(10)	(51)	—
Net cash used in financing activities	—	(22)	—

14 ACQUISITION OF A SUBSIDIARY

On 21 April 2021, the Group entered into a capital injection agreement in Shuguang Maiyue with Digital Guangxi Group Co., Ltd. ("**Digital Guangxi**"). According to the capital injection agreement, the required subscription of Group's registered capital increased by RMB2,041,000 from RMB24,500,000 to RMB26,541,000, the registered capital of Shuguang Maiyue increased from RMB50,000,000 to RMB52,041,000, the Group's equity interests in Shuguang Maiyue increased from 49% to 51%, and the Group is able to appoint three out of five directors of Shuguang Maiyue. Accordingly, the Group has controlled Shuguang Maiyue after when the capital injection agreement became effective.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Shuguang Maiyue are inputs, production processes and an organised workforce. The Group has determined that together the acquired inputs and processes contribute to the ability to earn gross profit. The Group has concluded that the acquired set is a business.

From 22 April 2021 to 31 December 2021, Shuguang Maiyue contributed revenue of RMB12,927,000 and profit of RMB624,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates the consolidated revenue would have been RMB211,557,000 and RMB201,785,000, and consolidated profit for the year ended 31 December 2020 and 2021 would have been RMB41,333,000 and RMB46,015,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition. The management considered the fair value of these assets and liabilities are not materially different from the book value.

		As at 21 April 2021
	Note	*RMB'000*
Property, plant and equipment	*11*	3
Deferred tax asset	*30(b)*	22
Contract assets		815
Trade and other receivables		21,050
Cash and cash equivalents		938
Trade and other payables		(20,079)
Current taxation	*30(a)*	(79)
Total identifiable net assets acquired		2,670

14 ACQUISITION OF A SUBSIDIARY (CONTINUED)

The total identifiable net assets acquired as at 21 April 2021 is lower than the gross amounts of net assets of the associate (see Note 15), as receivables of Shuguang Maiyue related to investors' capital contribution amounted to RMB9,000,000 was derecognised, due to the investors of Shuguang Maiyue reached an agreement to revise the Articles of Association of Shuguang Maiyue. According to the new Articles of Association, the specific amount and time of the above-mentioned capital contribution is subject to the approval of the shareholders' meeting of Shuguang Maiyue.

Goodwill arising from the acquisition has been recognised as follows.

	2021
	RMB'000
Consideration transferred	—
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Shuguang Maiyue	1,382
Fair value of pre-existing interest in Shuguang Maiyue	1,288
Fair value of identifiable net assets	(2,670)
Goodwill	—

The remeasurement to fair value of the Group's existing 49% interest in Shuguang Maiyue didn't result in significant gain or loss for the Group.

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE

(a) Interests in an associate

The following list contains only the particulars of material associate, which is unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Guangxi Shuguang Maiyue Technology Limited (廣西數廣邁越科技有限公司) ("**Shuguang Maiyue**")#	Incorporated	PRC	RMB1,000,000/ RMB50,000,000	49%	—	49%	Software development and provision of integrated IT solutions

The official name of this entity is in Chinese. The English name is for identification purpose only.

In accordance with the memorandum and article of Shuguang Maiyue, relevant activities of the entity require consent with simple majority in the board of directors. The Group is able to appoint two out of five directors, thus the Group is only able to exercise significant influence in Shuguang Maiyue and treat it as an associate. The associate is accounted for using the equity method in the consolidated financial statements.

On 21 April 2021, Shuguang Maiyue became a subsidiary of the Group (see Note 1 and Note 14).

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE (CONTINUED)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Shuguang Maiyue
	Year ended 31 December 2020
	RMB'000
Revenue	46,351
Profit and total comprehensive income	1,895

	As at 31 December
	2020
	RMB'000
Gross amounts of the associate's	
Non-current assets	3
Current assets	37,877
Current liabilities	25,985
Equity	11,895
Reconciled to the Group's interests in the associate	
Gross amounts of net assets of the associate	11,895
Group's effective interest	49%
Group's share of net assets of the associate	5,829
Carrying amount in the consolidated financial statements	5,829

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE (CONTINUED)

(b) Amounts due to an associate

As at 31 December 2020, the amounts due to Shuguang Maiyue of RMB4,410,000 respectively, which are unsecured, interest-free and repayable within 60 days after the incorporation of Shuguang Maiyue, are classified as current liability under "trade and other payables" (see Note 24(i)).

As at 31 December 2020, according to Articles of Association of Shuguang Maiyue, the remaining capital contribution of the Group amounted to RMB19,600,000 are payable before 31 December 2025, the specific amount and time of the capital contribution is subject to the approval of the shareholders' meeting of Shuguang Maiyue.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE

(a) Interests in a joint venture

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Fangchenggang City Investment Digital Technology Limited (防城港市城投數字科技有限公司) ("**Fangchenggang City Investment Digital**") #	Incorporated	PRC	RMB650,000/ RMB10,000,000	65%	—	65%	Software development and provision of integrated IT solutions

The official name of this entity is in Chinese. The English name is for identification purpose only.

In accordance with the memorandum and article of Fangchenggang City Investment Digital, relevant activities of the entity require consent with more than two thirds of the directors. The Group and the other investor of Fangchenggang City Investment Digital is able to appoint three and two out of five directors respectively, thus the Group is only able to exercise common control in Fangchenggang City Investment Digital and treat it as a joint venture. The joint venture is accounted for using the equity method in the consolidated financial statements.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE (CONTINUED)

Fangchenggang City Investment Digital was incorporated on 25 November 2020.

Summarised financial information of Fangchenggang City Investment Digital, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts of Fangchenggang City Investment Digital's				
Non-current assets	—	—	6	4
Current assets	3,000	4,245	3,222	3,151
Current liabilities	—	1,297	415	363
Equity	3,000	2,948	2,813	2,792
Included in the above assets and liabilities:				
Cash and cash equivalents	—	33	309	49
Loss and total comprehensive expense	—	(52)	(135)	(21)
Included in the above loss:				
Interest income	—	—*	—*	—*
Reconciled to the Group's interest in Fangchenggang City Investment Digital				
Gross amounts of Fangchenggang City Investment Digital's net assets	3,000	2,948	2,813	2,792
Group's effective interest	65%	65%	65%	65%
Group's share of Fangchenggang City Investment Digital's net assets	1,950	1,917	1,829	1,815
Carrying amount of the Group's interest	1,950	1,917	1,829	1,815

* The balances represent amounts less than RMB500.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE (CONTINUED)

(b) Amounts due to a joint venture

As at 31 December 2020, 2021, 2022 and 30 April 2023, the amounts due to Fangchenggang City Investment Digital of RMB1,950,000, RMB1,448,000, RMB1,342,000 and RMB1,342,000, respectively, which is unsecured, interest-free, and primarily due to the unsettled capital injection to be repayable within 12 months after the incorporation of Fangchenggang City Investment Digital or on demand, is classified as current liability under "trade and other payables" (see Note 24(ii)). Such non-trade balance will be settled on or before the **[REDACTED]**.

According to Articles of Association of Fangchenggang City Investment Digital, the remaining capital contribution of the Group amounted to RMB4,550,000 are repayable before 31 December 2030, the specific amount and time of the capital contribution is subject to the approval of the shareholders' meeting of Fangchenggang City Investment Digital.

17 EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The FVOCI represents investment in unlisted equity interest of Guangxi Qianyue Information Technology Company Limited ("**Guangxi Qianyue**" 廣西千越信息科技有限公司) which is incorporated in the PRC and principally engaged in the development of a business park. The Group holds 19% of Guangxi Qianyue's equity interest and completed the capital injection on 26 April 2023. In accordance with the memorandum and article of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding. The Group has no right to appoint any director and does not participate in the operation of Guangxi Qianyue, therefore the Group cannot exercise significant influence over Guangxi Qianyue.

The Group designated its investment in Guangxi Qianyue at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received and no significant gains or loss recognised in other comprehensive income on this investment during the Relevant Periods. The analysis on the fair value measurement of the above financial asset is disclosed in Note 32(e).

18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	257	581	858	2,221
Hardware	3,089	1,706	3,602	6,338
	3,346	2,287	4,460	8,559

(b) The analyses of the amounts of inventories recognised as expenses and included in the consolidated statements of profit or loss and other comprehensive income are as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Costs of inventories sold	110,585	76,012	124,094	5,774	6,598

19 DISPOSAL GROUP

The disposal group comprised the following assets and liabilities.

	As at 31 December 2022
	RMB'000
Non-current assets classified as held for sale	
Construction in progress *(Note 11)*	87,216
Leasehold land *(Note 11)*	8,976
	96,192
Liabilities directly associated with non-current assets classified as held for sale	
Other payables related to business park *(Note 24)*	(58,932)

On 8 April 2022, the Group approved a series of new agreements with Guangxi Qianlong Education Technology Co., Ltd. ("**Guangxi Qianlong**" 廣西千龍教育科技有限公司). According to the new agreements, the Group and Guangxi Qianlong set up Guangxi Qianyue Information Technology Company Limited ("**Guangxi Qianyue**" 廣西千越信息科技有限公司). The Group made the capital contribution based on the value of land use right and construction in progress of the Business Park net of the payables for the construction.

As at 31 December 2022, the procedures of transferring property right to Guangxi Qianyue are not yet complete, the Group reclassify the disposal group as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale separately.

The procedures of transferring property right have been completed in April 2023 and the Group designated the investment in Guangxi Qianyue at FVOCI (non-recycling) (see Note 17).

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets				
Arising from performance under provision of integrated IT solution contracts				
— third parties	9,876	9,062	21,752	18,298
— related parties *(Note 34(c))*	730	1,799	1,962	1,962
Less: loss allowance	(3,193)	(2,990)	(1,084)	(982)
	7,413	7,871	22,630	19,278
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" *(Note 21)*	124,303	200,771	198,660	167,456

The Group typically agrees to retention money for 1% to 10% of the contract value. The retention period normally ranges from one to seven years upon the completion of work. These amounts are included in contract assets until the end of the retention period as the Group's entitlement to these final payments are conditional on the Group's projects keep properly functioning during the retention period. As at 31 December 2020, 2021, 2022 and 30 April 2023, contract assets (before the recognition of impairment loss) amounted to RMB10,606,000, RMB10,861,000, RMB6,016,000 and RMB5,478,000 are related to retention money.

The Group's contract assets also relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. As at 31 December 2022 and 30 April 2023, contract assets amounted to RMB17,698,000 and RMB14,782,000 will be recovered after reaching the milestones for billing.

As at 31 December 2020, 2021, 2022 and 30 April 2023, contract assets amounted to RMB4,958,000, RMB5,421,000, RMB14,113,000 and RMB7,697,000 respectively are expected to be recovered after more than one year. Contract assets are transferred to trade receivables when the rights become unconditional.

20 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities				
Billings in advance of performance	597	937	3,018	1,122

Contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised at the point of transfer of control over a product or service to the customer.

As at 31 December 2020, 2021, 2022 and 30 April 2023, billings in advance of performance are expected to be recognised as income within one year.

21 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
— third parties	70,867	110,080	209,469	190,855
— related parties *(Note 34(c))*	62,597	100,875	7,672	1,673
Less: loss allowance	(9,161)	(10,184)	(18,481)	(25,072)
	124,303	200,771	198,660	167,456
Amounts due from shareholders *(Note 34(c))*	13,914	—	—	—
Amounts due from other related parties *(Note 34(c))*	—	55	6,093	6,093
Other deposits, prepayments and receivables	12,834	34,184	56,616	83,547
	151,051	235,010	261,369	257,096

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) As at 31 December 2020, 2021, 2022 and 30 April 2023, trade receivables amounting to RMB18,296,000, RMB nil, RMB40,617,000 and RMB41,315,000 respectively are expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

(ii) As at 31 December 2022 and 30 April 2023, trade receivables with gross carrying amount of RMB75,665,000 and RMB62,763,000 were pledged as collateral for the Group's bank and other loans of RMB89,775,000 and RMB61,314,000 respectively (Note 26).

(iii) As at 31 December 2021, 2022 and 30 April 2023, amounts due from subsidiaries of the Company amounting to RMB757,000, RMB1,336,000 and RMB1,356,000 respectively are mainly related to rent and audit fee paid on behalf of one of the subsidiaries — Wanjia Hongxin International Limited.

(iv) As at 31 December 2021, 2022 and 30 April 2023, prepayment and other receivables of the Company amounting to RMB4,175,000 and RMB6,121,000 and RMB6,843,000 respectively are mainly related to the **[REDACTED]** expense paid which is expected to be charged against equity upon completion of the **[REDACTED]** and prepaid **[REDACTED]** expense.

As at 30 April 2023, prepayment and other receivables of the Company amounting to RMB88,000 are related to the deposit paid to the lessor.

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis

As at 31 December 2020, 2021, 2022 and 30 April 2023, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date/transaction date and after the recognition of impairment loss, are as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	97,159	95,106	113,535	3,482
Over 1 month but within 3 months	12,479	2,198	1,801	261
Over 3 months but within 6 months	6,776	73,242	41,548	103,727
Over 6 months but within 1 year	2,811	2,299	3,490	31,166
Over 1 year but within 2 years	2,968	24,998	29,399	22,595
Over 2 years but within 3 years	790	1,901	5,877	1,497
Over 3 years	1,320	1,027	3,010	4,728
	124,303	200,771	198,660	167,456

Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the Relevant Periods, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money is due within one to six years upon the completion of work. Retention money is included in contract assets until the end of the retention period and is transferred into trade receivables when the rights become unconditional. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

22 PLEDGED BANK DEPOSITS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged for bank and other loans *(Note 26)*	—	—	2,743	1,365
Pledged for performance guarantee	—	79	—	—
	—	79	2,743	1,365

The bank deposits pledged for bank and other loans will be released upon the settlement of relevant bank and other loans. The bank deposits pledged for performance guarantee will be released upon the retention period ends.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents in the consolidated cash flow statements comprise:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	56,116	49,156	62,601	3,864

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

At 31 December 2020, 2021, 2022 and 30 April 2023, cash that is placed with banks in the mainland China amounted to RMB56,116,000, RMB49,028,000, RMB62,506,000 and RMB3,777,000 respectively.

Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

		Years ended 31 December			Four months ended 30 April	
	Note	2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) before taxation		44,834	54,781	56,197	(23,205)	(19,861)
Adjustments for:						
Depreciation	*6(c)*	1,268	1,311	1,453	489	535
Amortisation		2,259	5,438	6,685	2,226	1,943
Finance costs	*6(a)*	5,514	8,180	8,907	2,834	2,952
Loss/(gain) on disposal of property plant and equipment		—	9	(294)	(27)	—
Gain on disposals of assets and liabilities held for sale		—	—	—	—	(676)
Impairment losses recognised on trade and other receivables and contract assets	*6(c)*	3,821	820	6,391	5,082	6,489
Share of (profit)/loss of an associate		(929)	131	—	—	—
Share of loss of a joint venture		—	33	88	66	14
Changes in working capital:						
Decrease/(increase) in inventories		1,965	1,059	(2,173)	(6,336)	(4,099)
Increase in trade and other receivables		(61,814)	(78,888)	(32,466)	(5,964)	(1,504)
(Increase)/decrease in contract assets		(486)	(170)	(12,853)	819	3,454
Increase/(decrease) in trade and other payables		13,129	22,636	(12,489)	(1,092)	(19,334)
(Decrease)/increase in contract liabilities		(2,973)	340	2,081	1,064	(1,896)
Increase/(decrease) in deferred revenue		—	1,030	(320)	(116)	750
Cash generated from/(used in) operations		6,588	16,710	21,207	(24,160)	(31,233)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

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

	Bank and other loans	Convertible bond	Amounts due to shareholders	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 27*		*Note 25*		
As at 1 January 2020	51,469	—	2,560	1,514	—	55,543
Changes from financing cash flows:						
Proceeds from new bank and other loans	74,796	—	—	—	—	74,796
Repayment of bank and other loans	(40,960)	—	—	—	—	(40,960)
Proceeds from convertible bond	—	8,000	—	—	—	8,000
Interests paid	(949)	(326)	—	—	—	(1,275)
Payment for reorganisation	—	—	(2,560)	—	—	(2,560)
Capital element of lease rentals paid	—	—	—	(229)	—	(229)
Interest element of lease rentals paid	—	—	—	(25)	—	(25)
Total changes from financing cash flows	32,887	7,674	(2,560)	(254)	—	37,747
Other changes						
Interest expenses *(Note 6(a))*	1,697	—	—	80	3,389	5,166
Changes in fair value *(Note 6(a))*	—	348	—	—	—	348
As at 31 December 2020	86,053	8,022	—	1,340	3,389	98,804

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Convertible bond	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 27*	*Note 25*		
As at 1 January 2021	86,053	8,022	1,340	3,389	98,804
Changes from financing cash flows:					
Proceeds from new bank and other loans	64,974	—	—	—	64,974
Repayment of bank and other loans	(41,616)	—	—	—	(41,616)
Repayment of convertible bond	—	(8,000)	—	—	(8,000)
Interests paid	(3,173)	(248)	—	(4,594)	(8,015)
Capital element of lease rentals paid	—	—	(257)	—	(257)
Interest element of lease rentals paid	—	—	(12)	—	(12)
Total changes from financing cash flows	20,185	(8,248)	(269)	(4,594)	7,074
Other changes					
Interest expenses *(Note 6(a))*	3,725	—	57	4,172	7,954
Changes in fair value *(Note 6(a))*	—	226	—	—	226
Bank loans arising from reverse factoring arrangement	10,000	—	—	—	10,000
Purchase of a car by mortgage	267	—	—	—	267
As at 31 December 2021	120,230	—	1,128	2,967	124,325

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2022	120,230	1,128	2,967	124,325
Changes from financing cash flows:				
Proceeds from new bank and other loans	108,355	—	—	108,355
Repayment of bank and other loans	(75,011)	—	—	(75,011)
Interests paid	(3,529)	—	(5,002)	(8,531)
Capital element of lease rentals paid	—	(1,397)	—	(1,397)
Interest element of lease rentals paid	—	(16)	—	(16)
Total changes from financing cash flows	29,815	(1,413)	(5,002)	23,400
Other changes				
Interest expenses *(Note 6(a))*	4,687	62	4,158	8,907
Early termination of a lease	—	(330)	—	(330)
Bank loans arising from reverse factoring arrangement	3,199	—	—	3,199
New leases	—	1,100	—	1,100
As at 31 December 2022	157,931	547	2,123	160,601

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(Unaudited)	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2022	120,230	1,128	2,967	124,325
Changes from financing cash flows:				
Proceeds from new bank and other loans	5,546	—	—	5,546
Repayment of bank and other loans	(17,116)	—	—	(17,116)
Interests paid	(456)	—	(2,964)	(3,420)
Capital element of lease rentals paid	—	(100)	—	(100)
Interest element of lease rentals paid	—	(1)	—	(1)
Total changes from financing cash flows	(12,026)	(101)	(2,964)	(15,091)
Other changes				
Interest expenses *(Note 6(a))*	2,820	14	—	2,834
New lease	—	497	—	497
As at 30 April 2022	111,024	1,538	3	112,565

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2023	157,931	547	2,123	160,601
Changes from financing cash flows:				
Proceeds from new bank and other loans	6,000	—	—	6,000
Repayment of bank and other loans	(28,484)	—	—	(28,484)
Interests paid	(1,554)	—	—	(1,554)
Capital element of lease rentals paid	—	(131)	—	(131)
Interest element of lease rentals paid	—	(5)	—	(5)
Total changes from financing cash flows	(24,038)	(136)	—	(24,174)
Other changes				
Interest expenses *(Note 6(a))*	2,945	7	—	2,952
New lease	—	51	—	51
As at 30 April 2023	136,838	469	2,123	139,430

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Net cash inflow arising from the acquisition of a subsidiary

During the year ended 31 December 2021, the recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiary comprise the following:

	RMB'000
Property, plant and equipment *(Note 11)*	3
Deferred tax assets *(Note 30(b))*	22
Contract assets	815
Trade and other receivables	21,050
Cash	938
Trade and other payables	(20,079)
Current taxation *(Note 30(a))*	(79)
Less:	
Non-controlling interests	1,382
Interests in an associate before acquisition	1,288
Total consideration paid in cash	—
Add: cash of subsidiary acquired	938
	938

24 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	51,895	59,993	46,448	29,033
Accrued payroll	2,042	1,793	2,046	2,079
Amounts due to an associate *(Note (i)) (Note 34(c))*	4,410	—	—	—
Amounts due to a joint venture *(Note (ii)) (Note 34(c))*	1,950	1,448	1,342	1,342
Amounts due to shareholders *(Note 34(c))*	191	178	109	64
Payables for construction of a business park	2,995	59,096	84	2,037
Other payables and accruals	21,273	27,130	25,082	22,999
	84,756	149,638	75,111	57,554

Notes:

(i) The balance is due to Shuguang Maiyue, which is non-trade in nature, unsecured, interest-free and repayable within 60 days after incorporation of Shuguang Maiyue according to the Articles of Association (see Note 15).

(ii) The balance is due to Fangchenggang City Investment Digital, which is non-trade in nature, interest-free and repayable within 12 months after incorporation of Fangchenggang City Investment Digital according to the Articles of Association or on demand (see Note 16). As of the date of this report, the amounts due to a joint venture is not yet settled. Such non-trade balance will be settled on or before the **[REDACTED]**.

(iii) As at 31 December 2020, 2021, 2022 and 30 April 2023, trade payables amounting to RMB13,879,000, RMB2,330,000, RMB1,827,000 and RMB1,827,000 respectively are expected to be settled after more than one year. All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(iv) As at 31 December 2021, 2022 and 30 April 2023, amounts due to subsidiaries of the Company amounting to RMB7,758,000, RMB13,001,000 and RMB18,997,000 respectively are mainly related to **[REDACTED]** paid by subsidiaries on behalf of the Company and borrowing from subsidiaries which is used to pay **[REDACTED]** and rent.

(v) As at 31 December 2021 and 2022, other payables of the Company amounting to RMB2,744,000 and RMB3,659,000 respectively are mainly related to accrued and unpaid **[REDACTED]**.

As at 30 April 2023, other payables of the Company amounting to RMB106,000 are mainly related to accrued staff expense and rent.

(vi) As at 31 December 2022 and 30 April 2023, amounts due to a shareholder of the Company amounting to RMB 91,000 and RMB45,000 are mainly related to administrative expense paid by a shareholder.

24 TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2020, 2021, 2022 and 30 April 2023, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date/transaction 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	50,396	44,258	27,582	7,857
Over 1 year but within 2 years	1,402	14,635	8,309	19,511
Over 2 years but within 5 years	97	1,100	10,557	1,635
Over 5 years	—	—	—	30
	51,895	59,993	46,448	29,033

25 LEASE LIABILITIES

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current	569	—	126	16
Current	771	1,128	421	453
	1,340	1,128	547	469

25 LEASE LIABILITIES (CONTINUED)

(a) Maturity analysis-contractual undiscounted cash flows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	793	1,144	427	463
1 to 2 years	618	—	136	18
Total undiscounted lease liabilities	1,411	1,144	563	481
Less: total future interest expenses	(71)	(16)	(16)	(12)
Lease liabilities included in the consolidated statements of financial position	1,340	1,128	547	469

(b) Maturity analysis-present value of lease liabilities:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	771	1,128	421	453
1 to 2 years	569	—	126	16
Present value of lease liabilities	1,340	1,128	547	469

As at 31 December 2020 and 2021, lease liabilities of RMB1,015,000 and RMB1,058,000 are due to a related party, Nanning City Wanjin Enterprise Investment Co., Ltd. ("**Wanjin**") (see Note 34(c)).

26 BANK AND OTHER LOANS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured bank and other loans *(Notes (i) and (ii))*	165	119	29,193	29,169
Unsecured bank and other loans	53,351	51,494	42,681	45,681
	53,516	51,613	71,874	74,850
Current				
Secured bank and other loans *(Notes (i) and (ii) and (iii))*	10,241	10,087	63,899	38,433
Unsecured bank and other loans *(Note (ii))*	22,296	58,530	22,158	23,555
	32,537	68,617	86,057	61,988

(i) The bank and other loans are secured by assets of the Group and the carrying amounts of these assets are as below:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged bank deposits *(Note 22)*	—	—	2,743	1,365
Trade receivables *(Note 21)*	—	—	75,665	62,763
Property, plant and equipment *(Note 11)*	9,350	8,735	8,448	8,353
	9,350	8,735	86,856	72,481

(ii) As at 31 December 2020, 2021, 2022 and 30 April 2023, bank and other loans of RMB31,775,000, RMB206,000, RMB119,000 and RMB3,088,000 are guaranteed by the shareholders of the Group. The directors have confirmed that the guaranteed will be released before **[REDACTED]**.

As at 31 December 2020, 2021, 2022 and 30 April 2023, bank and other loans of RMB10,000,000, RMB5,000,000, RMB8,000,000 and RMB8,000,000 are guaranteed by third parties.

26 BANK AND OTHER LOANS (CONTINUED)

(iii) As at 31 December 2020, a secured bank loan with duration of one year amounted to RMB10,000,000 is subject to certain of Nanning Maiyue's balance sheet ratios, as is commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The aforementioned bank loan has been fully repaid in June 2021. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 32(b).

(iv) The Group has entered into certain reverse factoring arrangement with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates and then the Group settles the banks about 365 days later than the original due dates with the suppliers, with interest.

In the consolidated statement of financial position, the Group has presented payables to the banks under these arrangements as bank and other loans, having compared the nature and function of such liabilities with trade to suppliers. In the consolidated cash flow statements, for the year ended 31 December 2021 and 2022, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks amounting to RMB10,000,000 and RMB3,199,000 respectively are non-cash transactions.

(a) The Group's bank and other loans are repayable 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 or on demand	32,537	68,617	86,057	61,988
After 1 year but within 2 years	33,516	51,588	51,874	74,850
After 2 years but within 5 years	20,000	25	20,000	—
	53,516	51,613	71,874	74,850
	86,053	120,230	157,931	136,838

27 CONVERTIBLE BOND

Guangxi Silunjie issued a convertible bond with a face value of RMB8,000,000 to Guangxi Honggui Emergency Relief Investment Fund Partnership ("**the bondholder**") on 10 July 2020.

The convertible bond bears interest at 9% per annum, with maturity of one year and is secured by the leasehold land of Nanning Maiyue. It is redeemable by Guangxi Silunjie at face value plus accrued but unpaid interest at any time after 2 months of the issuance date before maturity.

When the bondholder's executive partner Guangxi Hongguihuizhi Fund Management Ltd. (廣西宏桂匯智基金管理有限公司) fulfills the agreed investment target, the bondholder has right to convert the convertible bond to shares in Guangxi Silunjie from then to 10 days before maturity, at a conversion price calculated based on the net profit of the Company for the year ended 31 December 2019 or 2020, depending on whether the conversion rights are exercised before the Company submits the **[REDACTED]** application to Hong Kong Exchanges and Clearing Market ("**HKEX**"). The conversion price may be adjusted subsequently if the Company issues any new shares or convertible bonds to new investors under agreed price.

Although the economic characteristics and risks of the embedded compound derivative representing the redemption feature and the conversion feature are not closely related to the economic characteristics and risks of host debt instrument, the Company is unable to measure it separately, the directors designate the entire convertible bond as at fair value through profit or loss. The detail accounting policy for convertible bond refers to Note 2(q).

The method of discounted cash flow is performed for the valuation. Key valuation assumptions used to determine the fair value of the derivative component of the convertible bond are as follows:

	As at 31 December 2020
Discount rate	9.67%
Risk-free interest rate	2.43%
Credit spread	7.24%
Probability for conversion	0.00%

27 CONVERTIBLE BOND (CONTINUED)

Discount rate was estimated by the sum of risk-free interest rate and credit spread. The directors estimated the risk-free interest rate based on the yield of China Government Bond yield curve with a maturity life close to the remaining maturity. Credit spread was calculated by the difference between risk free rate and yield-to-maturity as at issuance date and it was assumed that the spread was constant throughout the lifetime. As at 31 December 2020, the bondholder's executive partner Guangxi Hongguihuizhi Fund Management Ltd. has not fulfilled the agreed investment target to gain the conversion right.

The convertible bond has been repaid by the Group on 22 April 2021.

The movement of the carrying amount of the convertible bond are as follows.

	RMB'000
As at 1 January 2020	—
Proceeds from convertible bond *(Note 23(c))*	8,000
Interests paid *(Note 23(c))*	(326)
Changes in fair value *(Note 6(a))*	348
As at 31 December 2020	8,022
Repayment of convertible bond *(Note 23(c))*	(8,000)
Interests paid *(Note 23(c))*	(248)
Changes in fair value *(Note 6(a))*	226
As at 31 December 2021	—

28 DEFERRED REVENUE

	Government grants
	RMB'000
At 1 January 2020, 31 December 2020 and 1 January 2021	1,350
Addition during the year	2,210
Amortisation credited to consolidated statement of profit or loss and other comprehensive income	(1,180)
At 31 December 2021 and 1 January 2022	2,380
Amortisation credited to consolidated statement of profit or loss and other comprehensive income	(320)
At 31 December 2022 and 1 January 2023	2,060
Addition during the period	750
At 30 April 2023	2,810

29 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes based on a percentage of the participating employee's salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the contributions described above.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Movements of current taxation in the consolidated statements of financial position are set out below:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At the beginning of the year /period	4,177	9,040	8,544	8,544	5,169
Provision for the year/period	5,954	9,460	7,718	—	—
Acquisition of Shuguang Maiyue	—	79	—	—	—
Income tax paid	(1,091)	(10,035)	(11,093)	(217)	(412)
At the end of the year/period	9,040	8,544	5,169	8,327	4,757

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

(b) Movements of each component of deferred tax assets and liabilities:

Deferred tax arising from:	Credit loss allowances	Deferred government grants	Right-of-use assets and lease liabilities	Cumulative tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	1,319	203	50	—	1,572
Charged to profit or loss	519	—	39	—	558
As at 31 December 2020 and 1 January 2021	1,838	203	89	—	2,130
Charged to profit or loss	108	155	31	668	962
Acquisition through business combination	—	—	—	22	22
As at 31 December 2021 and 1 January 2022	1,946	358	120	690	3,114
Charged/(credited) to profit or loss	944	(48)	(114)	(629)	153
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 7(b))*	(36)	—	—	460	424
As at 31 December 2022 and 1 January 2023	2,854	310	6	521	3,691
Charged to profit or loss	909	74	9	1,985	2,977
At 30 April 2023	3,763	384	15	2,506	6,668

(c) Deferred tax liabilities not recognised

The Group did not recognise deferred tax liabilities in respect of the PRC dividend withholding tax relating to certain undistributed profits of the PRC subsidiaries as at 31 December 2020, 2021, 2022 and 30 April 2023 since the Group controls the dividend policy of these subsidiaries. Based on the assessment of the management, as of 31 December 2020, 2021, 2022 and 30 April 2023, the undistributed profits amounted to RMB108,676,000, RMB156,058,000, RMB204,737,000 and RMB197,874,000 would not be distributed in the foreseeable future.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Relevant Periods are set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	**Share capital**	**Accumulated loss**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020, 31 December 2020 and 1 January 2021		—*	—	—*
Issuance of share	*31(b)*	—*	—	—*
Loss and other comprehensive income for the year		—	(5,458)	(5,458)
As at 31 December 2021 and 1 January 2022		—*	(5,458)	(5,458)
Loss and other comprehensive income for the year		—	(3,754)	(3,754)
As at 31 December 2022 and 1 January 2023		—*	(9,212)	(9,212)
Loss and other comprehensive income for the period		—	(1,567)	(1,567)
At 30 April 2023		—*	(10,779)	(10,779)

* The balances represent amounts less than RMB500.

(b) Share capital

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 21 March 2019 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, one share was allotted and issued, credited as fully paid.

On 16 February 2021, additional 9,999 shares were allotted and issued, credited as fully paid. The share capital increased to HK$100.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act (as revised) of the Cayman Islands as amended, consolidated or supplemented from time to time.

(ii) Other reserve

The other reserve as at 1 January 2019 represented the paid-in capital and share premium of a PRC subsidiary of the Group, namely Guangxi Silunjie.

On 25 December 2018, shareholders of Guangxi Silunjie and Chan Eongliat, Jason entered into an agreement for capital injection. According to this agreement, Mr. Chan Eongliat, Jason injected a total amount of RMB2,560,000 to Guangxi Silunjie on 20 June 2019. After this capital injection, Mr. Chan Eongliat, Jason owned 5% of Guangxi Silunjie's equity interests and Guangxi Silunjie became a foreign-invested enterprise.

On 18 November 2019, Guangxi Huahe Digital Technology Company Limited ("**Guangxi Huahe**") acquired all equity interests of Guangxi Silunjie with consideration of RMB53,807,000. Pursuant to the Reorganisation completed on 27 December 2019, the Company became the holding company of the companies now comprising the Group and accordingly, the paid-in capital of the PRC subsidiary of the Group was eliminated against the long-term investment when preparing the Historical Financial Information.

(iii) PRC statutory reserve

In accordance with the relevant PRC laws and regulations, the Group's subsidiary established in the PRC is required to transfer 10% of its net profit each year to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increase capital of the subsidiary and is non-distributable other than in liquidation.

As at 31 December 2020, 2021, 2022 and 30 April 2023, the statutory reserve of Guangxi Huahe, Guangxi Silunjie and Nanning Maiyue have reach 50% of the registered capital.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Non-controlling interests

The non-controlling interests as at 31 December 2021, 2022 and 30 April 2023 represent the equity interests of Shuguang Maiyue held by Digital Guangxi, the non-controlling shareholder of Shuguang Maiyue.

(e) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Relevant Periods.

(f) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, net debt is defined as total debt (which includes bank and other loans, convertible bond and lease liabilities) less cash and cash equivalents.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	86,053	120,230	157,931	136,838
Convertible bond	8,022	—	—	—
Lease liabilities	1,340	1,128	547	469
Sub-total	95,415	121,358	158,478	137,307
Less: cash and cash equivalents	(56,116)	(49,156)	(62,601)	(3,864)
Net debt	39,299	72,202	95,877	133,443
Equity	83,541	131,323	179,443	162,718
Net debt to equity ratio	47.0%	55.0%	53.4%	82.0%

For the year ended 31 December 2020, 2021, 2022 and 30 April 2023, except as disclosed in Note 26(iii), neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with a minimum credit rating, for which the Group considers having low credit risk. The Group's credit risk is primarily attributable to trade receivables and contract assets.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2020, 2021, 2022 and 30 April 2023, 43.96%, 45.78%, 38.53% and 2.23% of the total trade receivables and contract assets, respectively, were due from the Group's largest customer, and 52.65%, 61.61%, 50.58% and 2.85% of the total trade receivables and contract assets, respectively, were due from the five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the Relevant Periods, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money (which is included in contract assets until the end of the retention period and transferred into trade receivables when the rights become unconditional) is due within one to seven years (the retention period) upon the completion of work. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate different loss patterns among trade receivables and contract asset (other than retention money) and retention money, the loss allowance based on past due status is distinguished among trade receivables and contract asset (other than retention money) and retention money.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets (other than retention money) as at 31 December 2020, 2021, 2022 and 30 April 2023:

	As at 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	0.79%	95,409	752
Less than 3 months past due	2.85%	22,756	648
More than 3 months but less than 6 months past due	5.12%	2,051	105
More than 6 months but less than 12 months past due	15.73%	2,740	431
More than 1 year but less than 2 years past due	100.00%	1,124	1,124
Total		124,080	3,060

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	1.48%	148,078	2,187
Less than 3 months past due	2.73%	44,733	1,221
More than 3 months but less than 6 months past due	4.47%	2,573	115
More than 6 months but less than 12 months past due	14.47%	7,539	1,091
More than 1 year but less than 2 years past due	100.00%	972	972
More than 2 years past due	100.00%	24	24
Total		203,919	5,610

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	2.29%	147,556	3,376
Less than 3 months past due	5.61%	46,107	2,586
More than 3 months but less than 6 months past due	8.69%	2,164	188
More than 6 months but less than 12 months past due	22.68%	22,729	5,155
More than 1 year but less than 2 years past due	62.45%	7,233	4,517
More than 2 years past due	100.00%	872	872
Total		226,661	16,694

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 30 April 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current	3.11%	98,135	3,056
Less than 3 months past due	7.68%	41,747	3,207
More than 3 months but less than 6 months past due	11.23%	35,059	3,938
More than 6 months but less than 12 months past due	18.64%	1,835	342
More than 1 year but less than 2 years past due	48.47%	19,331	9,370
More than 2 years past due	100.00%	3,786	3,786
Total		199,893	23,699

The expected credit loss rate for the period "more than 1 year but less than 2 years past due" decreased from 100.00% in FY2021 to 62.45% in FY2022, because several accounts receivable more than 1 year but less than 2 years past due were recovered in FY2022, which reduced the migration rate and expected credit loss rate.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides information about the Group's exposure to credit risk and ECLs for retention money include contract asset and past due retention money in trade receivable as at 31 December 2020, 2021, 2022 and 30 April 2023:

	As at 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	30.11%	10,606	3,193
Past due	65.00%	9,384	6,101
Total		19,990	9,294

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	27.53%	10,861	2,990
Past due	65.00%	7,036	4,574
Total		17,897	7,564

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	11.29%	6,016	679
Past due	26.80%	8,178	2,192
Total		14,194	2,871

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 30 April 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current	9.53%	5,478	522
Past due	24.71%	7,417	1,833
Total		12,895	2,355

Expected loss rates are based on actual loss experience over the recent past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The expected credit loss rate for the past due retention money decreased from 65.00% in FY2021 to 26.80% in FY2022, because several past due retention money were recovered in FY2022, which reduced the migration rate and expected credit loss rate.

Movement in the loss allowance account in respect of trade receivables and contract assets during the Relevant Periods is as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at the beginning of the year/period	8,533	12,354	13,174	19,565
Impairment losses recognised	3,821	820	6,391	6,489
Balance at the end of the year/period	12,354	13,174	19,565	26,054

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Other receivables

The Group has assessed that the expected credit losses for other receivables are not material under the 12 months expected credit losses method. Thus, no loss allowance provision was recognised for the Relevant Periods.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2020, 2021, 2022 and 30 April 2023 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	41,051	38,646	22,077	—	101,774	86,053
Convertible bond	8,402	—	—	—	8,402	8,022
Trade payables	51,895	—	—	—	51,895	51,895
Amounts due to an associate	4,410	—	—	—	4,410	4,410
Amounts due to a joint venture	1,950	—	—	—	1,950	1,950
Amounts due to shareholders	191	—	—	—	191	191
Other payables and accruals	23,315	—	—	—	23,315	23,315
Payables for construction of a business park	2,995	—	—	—	2,995	2,995
Lease liabilities	793	618	—	—	1,411	1,340
	135,002	39,264	22,077	—	196,343	180,171

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	75,386	54,118	26	—	129,530	120,230
Trade payables	59,993	—	—	—	59,993	59,993
Amounts due to a joint venture	1,448	—	—	—	1,448	1,448
Amounts due to shareholders	178	—	—	—	178	178
Other payables and accruals	28,923	—	—	—	28,923	28,923
Payables for construction of a business park	59,096	—	—	—	59,096	59,096
Lease liabilities	1,144	—	—	—	1,144	1,128
	226,168	54,118	26	—	280,312	270,996

	As at 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	94,680	56,663	20,077	—	171,420	157,931
Trade payables	46,448	—	—	—	46,448	46,448
Amounts due to a joint venture	1,342	—	—	—	1,342	1,342
Amounts due to shareholders	109	—	—	—	109	109
Other payables and accruals	27,128	—	—	—	27,128	27,128
Payables for construction of a business park	84	—	—	—	84	84
Lease liabilities	427	136	—	—	563	547
	170,218	56,799	20,077	—	247,094	233,589

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 30 April 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	69,407	77,856	—	—	147,263	136,838
Trade payables	29,033	—	—	—	29,033	29,033
Amounts due to a joint venture	1,342	—	—	—	1,342	1,342
Amounts due to shareholders	64	—	—	—	64	64
Other payables and accruals	25,078	—	—	—	25,078	25,078
Payables for construction of a business park	2,037	—	—	—	2,037	2,037
Lease liabilities	463	18	—	—	481	469
	127,424	77,874	—	—	205,298	194,861

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from loans and borrowing. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the interest rate profile of the Group's loans and borrowings at the end of each reporting period:

	As at 31 December						At 30 April	
	2020		2021		2022		2023	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Fixed rate borrowings:								
Bank and other loans	4.35% - 10.00%	(86,053)	2.52%-10.00%	(120,230)	2.52%-10.00%	(157,931)	2.00%-10.00%	(136,838)
Convertible bond	9.00%	(8,022)	—	—	—	—	—	—
Lease liabilities	5.70%	(1,340)	5.70%	(1,128)	7.00%	(547)	7.00%	(469)
		(95,415)		(121,358)		(158,478)		(137,307)
Fixed rate borrowings as a percentage of total borrowings		100%		100%		100%		100%

The Group's interest rate risk arises primarily from bank borrowings and lease liabilities. The Group has no significant interest rate risk exposure as the Group does not obtain any bank borrowings at variable interest rates.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

The Group has no significant foreign exchange exposure as substantially all of the Group's transactions are denominated in RMB.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Analysis on fair value measurement of financial instruments as at 31 December 2020, 2021, 2022 and 30 April 2023 are as follows:

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Categorised into level 3				
Asset:				
Equity securities designated at FVOCI	—	—	—	39,959
Liability:				
Convertible bond	8,022	—	—	—

Equity securities designated at FVOCI represented the investment in a non-listed company which is operating an under-construction business park. The Group determines the fair value by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

As of 30 April 2023, it is estimated that with all other variables held constant, an increase/decrease in the net assets value by 1% would have increase/decrease the Group's profit or loss and other comprehensive income by RMB 400,000.

Convertible bond measured at fair value

Valuation techniques and inputs used in Level 3 fair value measurements for convertible bond refers to Note 27.

For the fair values of convertible bond, reasonably possible changes at 31 December 2020 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	Decrease
	RMB'000	*RMB'000*
Risk-free interest rate (1% movement (100 bps))	37	(38)
Credit spread (1% movement (100 bps))	37	(38)

As the condition for conversion right is not met at 31 December 2020 (see Note 27), no sensitive analysis is performed on probability for conversion.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020, 2021, 2022 and 30 April 2023.

33 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2020, 2021, 2022 and 30 April 2023 not provided for in this Historical Financial Information were as follows:

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	141,537	1,459	—	—

The capital commitment is related to the construction of a business park. On 26 April 2021, the Group entered into an agreement with Nanning Julehui Network Technology Co., Ltd. ("**Nanning Julehui**" 南寧居樂惠網絡科技有限公司) in relation to the construction and operation of the business park. According to the agreement, Nanning Julehui is responsible for the construction and property management of the business park and the costs incurred therefrom and entitled to approximately 70% of the right of use or right to rental income from this Business Park. Nanning Julehui is responsible for the construction payment from October 2021 to the end of construction.

On 29 March 2022, above agreement was terminated. New arrangement for the construction of business park refers to Note 19.

34 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the Relevant Periods.

During the Relevant Periods, the directors are of the view that the following are related parties of the companies now comprising the Group:

Name of party	Relationship
Mr. Li Changqing	Controlling Shareholder
Mr. Wang Yufei	Controlling Shareholder
Ms. Deng Caidie	Controlling Shareholder
Mr. Zhang Guangbai	Controlling Shareholder
Mr. Chan Eongliat, Jason	Shareholder
Ms. Yang Zihan	The close family member of the Controlling Shareholder
Ms. He Deling	The close family member of the Controlling Shareholder
Shuguang Maiyue	The associate of the Group (before 21 April 2021)
Fangchenggang City Investment Digital	The joint venture of the Group
Digital Guangxi Group Co., Ltd. (數字廣西集團有限公司) ("**Digital Guangxi**")	The controlling shareholder of the associate of the Group (before 21 April 2021)/the non-controlling shareholder of a subsidiary of the Group (on and after 21 April 2021)
Wanjin	Entity controlled by an executive director (before 15 March 2022)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	1,083	1,865	2,473	805	911
Contributions to defined contribution retirement plan	7	69	71	25	22
	1,090	1,934	2,544	830	933

Total remuneration is included in "staff costs" (see Note 6(b)).

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with related parties

The Group enter into the following material related parties transactions during each reporting period are as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Recurring transactions:					
Trade related:					
Provision of integrated IT solution services to Shuguang Maiyue	41,868	N/A	N/A	N/A	N/A
Provision of integrated IT solution services to Digital Guangxi:					
— Obligation for sales of software on behalf of third-party supplier (net basis)	4,362	5,082	455	—	—
— Obligation for provision of information technology service	4,219	41,738	4,698	129	41
	8,581	46,820	5,153	129	41
Provision of integrated IT solution services to Fangchenggang City Investment Digital	—	987	—	—	—
Property management service provided by Wanjin	202	191	N/A	N/A	N/A
Non-recurring transactions:					
Non-trade related:					
Advance from/receive from related parties					
— Mr. Li Changqing	911	7,622	91	1	—
— Mr. Wang Yufei	1,363	5,386	—	—	—
— Ms. Deng Caidie	1,149	2,134	—	—	—
— Mr. Zhang Guangbai	—	1,522	3	—	—
— Ms. He Deling	428	145	95	—	—
— Ms. Yang Zihan	—	—	—	—	—
	3,851	16,809	189	1	—
Repayment to/advance to related parties					
— Mr. Li Changqing	13,092	1,233	—	—	45
— Mr. Wang Yufei	7,653	420	160	160	—
— Ms. Deng Caidie	2,764	530	—	—	—
— Mr. Zhang Guangbai	1,495	580	3	—	—
— Ms. He Deling	417	221	40	40	—
— Ms. Yang Zihan	—	—	—	—	—
— Fangchenggang City Investment Digital	—	400	106	106	—
	25,421	3,384	309	306	45

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

(i) 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*
Trade related				
Contract assets				
— Shuguang Maiyue	730	N/A	N/A	N/A
— Digital Guangxi	—	1,799	1,962	1,962
	730	1,799	1,962	1,962
Trade receivables				
— Shuguang Maiyue	25,013	N/A	N/A	N/A
— Digital Guangxi	37,584	99,759	7,342	1,673
— Fangchenggang City Investment Digital	—	1,116	330	—
	62,597	100,875	7,672	1,673
Other receivables				
— Digital Guangxi	—	—	6,093	6,093
Non-trade related				
Other receivables				
— Mr. Li Changqing	6,403	—	—	—
— Mr. Wang Yufei	4,806	—	—	—
— Ms. Deng Caidie	1,604	—	—	—
— Mr. Zhang Guangbai	1,101	—	—	—
— Ms. He Deling	—	55	—	—
	13,914	55	—	—

* Shuguang Maiyue has been acquired as a subsidiary of the Group on 21 April 2021.

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) 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*
Trade related				
Lease liabilities				
— Wanjin#	1,015	1,058	N/A	N/A
Non-trade related				
Other payables				
— Mr. Li Changqing	32	18	109	64
— Mr. Wang Yufei	—	160	—	—
— Ms. Deng Caidie	—	—	—	—
— Mr. Zhang Guangbai	159	—	—	—
— Mr. Chan Eongliat, Jason	—	—	—	—
	191	178	109	64
Amounts due to an associate *(Note 24)*	4,410	N/A	N/A	N/A
Amounts due to a joint venture *(Note 24)*	1,950	1,448	1,342	1,342

Note:

On 1 June 2018, the Group entered into a five-year lease in respect of certain leasehold properties from a related party, Wanjin, for office area. The amount of rent payable by the Group under the lease is RMB nil for the first three years, RMB524,000 for the fourth year and RMB550,000 for the fifth year, respectively, which was determined with reference to amounts charged by the related party to third parties. At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability of RMB880,000.

On 15 March 2022, Mr. Ye Shanmin resigned as the executive director of the Company. Wanjin, the entity controlled by Mr. Ye, is not considered as a related party of the Group.

The amounts due from/to related parties are unsecured, interest-free and repayable on demand. The directors of the Company have confirmed that the non-trade related balances with related parties will be settled before the **[REDACTED]** of the Company's shares on the Stock Exchange.

35 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2020, 2021, 2022 and 30 April 2023, the directors considered the ultimate controlling shareholder of the Group to be Mr. Li Changqing, Ms. Deng Caidie, Mr. Wang Yufei and Mr. Zhang Guangbai. As at 30 April 2023, the immediate controlling shareholder of the Group is Deep Blue Ocean Electronics Technology Limited, which was incorporated in the BVI and does not produce financial statements available for public use.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON OR AFTER 1 JANUARY 2023

Up to the date of issue of this Historical Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2023 and which have not been adopted in the Historical Financial Information. These include the following:

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 1, Presentation of *financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, *Investments in associates and joint ventures "Sale or contribution of assets between an investor and its associate or joint venture"*	To be decided

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

37 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 April 2023.