The following is the text of a report set out on pages I – 1 to I – 59, 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 CHANGJIU HOLDINGS LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED AND ICBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Changjiu Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group as of December 31, 2020, 2021 and 2022 and June 30, 2023, and the statements of financial position of the Company as of December 31, 2021 and 2022 and June 30, 2023, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2023 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-59 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the 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 Group's financial position as of December 31, 2020, 2021 and 2022 and June 30, 2023 and the Company's financial position as of December 31, 2021 and 2022 and June 30, 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 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, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 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 24(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No 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

[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION

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

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

The historical financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except where otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Expressed in RMB

		Year ended December 31,			Six months ended June 30,	
	Note	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4(a)(i)*	430,587	477,697	547,867	258,652	309,431
Cost of sales		(261,629)	(295,401)	(322,828)	(152,404)	(176,028)
Gross profit		168,958	182,296	225,039	106,248	133,403
Net other income	*5*	554	441	1,552	545	823
Impairment (losses)/reversals		(770)	110	(2,555)	(2,011)	(3,650)
Research and development expenses		(10,296)	(9,413)	(9,027)	(4,379)	(6,721)
General and administrative expenses		(42,579)	(71,101)	(76,984)	(33,608)	(63,400)
Sales and marketing expenses		(5,069)	(6,130)	(7,126)	(2,674)	(3,497)
Profit from operations		110,798	96,203	130,899	64,121	56,958
Net finance expense	*6(a)*	(964)	(3,054)	(3,273)	(1,237)	(1,486)
Profit before taxation	*6*	109,834	93,149	127,626	62,884	55,472
Income tax benefit/(expense)	*7*	4,271	(9,418)	(31,714)	(14,796)	(20,181)
Profit for the year/period		114,105	83,731	95,912	48,088	35,291
Attributable to:						
Equity shareholders of the Company		114,105	83,731	95,877	48,053	35,291
Non-controlling interests		–	–	35	35	–
Profit for the year/period		114,105	83,731	95,912	48,088	35,291
Earnings per share						
Basic and diluted (RMB)	*10*	0.76	0.56	0.64	0.32	0.23

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Expressed in RMB

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Profit for the year/period	114,105	83,731	95,912	48,088	35,291
Other comprehensive income for the year/period	–	–	–	–	–
Total comprehensive income for the year/period	114,105	83,731	95,912	48,088	35,291
Attributable to:					
Equity shareholders of the Company	114,105	83,731	95,877	48,053	35,291
Non-controlling interests	–	–	35	35	–
Total comprehensive income for the year/period	114,105	83,731	95,912	48,088	35,291

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in RMB

	Note	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	3,743	3,042	2,790	2,428
Intangible assets	*12*	5,064	4,204	3,412	8,586
Right-of-use assets	*13*	664	4,640	5,829	10,180
Deferred tax assets	*22(b)*	4,393	331	1,512	4,655
		13,864	12,217	13,543	25,849
Current assets					
Trade receivables	*15*	39,964	59,861	101,311	179,783
Prepaid expenses and other current assets	*16*	148,750	145,308	26,969	11,661
Cash and cash equivalents	*17(a)*	89	1,533	119,341	72,395
		188,803	206,702	247,621	263,839
Current liabilities					
Bank loans	*18*	50,000	50,000	75,000	35,000
Trade payables	*19*	25,741	25,469	28,507	26,488
Accrued expenses and other current liabilities	*20*	40,518	49,406	58,012	71,800
Contract liabilities	*4(a)(ii)*	52,657	69,426	58,923	50,668
Lease liabilities	*21*	218	2,334	6,353	7,120
Current tax liability	*22(a)*	–	3,712	22,180	30,234
		169,134	200,347	248,975	221,310
Net current assets/(liabilities)		19,669	6,355	(1,354)	42,529
Total assets less current liabilities		33,533	18,572	12,189	68,378
Non-current liabilities					
Lease liabilities	*21*	397	2,359	64	7,308
		397	2,359	64	7,308
NET ASSETS		33,136	16,213	12,125	61,070
Equity					
Share capital	*24(a)*	–	1	1	1
Treasury shares	*23*	–	–	–	(4,325)
Reserves	*24(b)*	33,136	16,212	12,124	65,394
Total equity attributable to shareholders of the Company		33,136	16,213	12,125	61,070
Non-controlling interests		–	–	–	–
TOTAL EQUITY		33,136	16,213	12,125	61,070

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Expressed in RMB

	Note	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Investment in subsidiaries	*14*	–	–	13,654
Current assets				
Prepaid expenses and other current assets	*16*	1	525	2,866
Cash and cash equivalents	*17(a)*	–	–	4,536
		1	525	7,402
Current liabilities				
Accrued expenses and other current liabilities	*20*	–	2,656	21,333
Net current assets/(liabilities)		1	(2,131)	(13,931)
Total assets less current liabilities		1	(2,131)	(277)
NET ASSETS/(LIABILITIES)		1	(2,131)	(277)
Equity				
Share capital	*24(a)*	1	1	1
Treasure shares	*23*	–	–	(4,325)
Reserves		–	(2,132)	4,047
TOTAL EQUITY/(DEFICIT)		1	(2,131)	(277)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in RMB

		Attributable to equity shareholders of the Company							
	Note	**Share capital** *RMB'000* *Note 24(a)*	**Treasury shares** *RMB'000* *Note 23*	**Capital reserves** *RMB'000* *Note 24(b)*	**PRC Statutory reserves** *RMB'000* *Note 24(b)*	**Accumulated (loss)/ earnings** *RMB'000* *Note 24(c)*	**Total** *RMB'000*	**Non-controlling interest** *RMB'000*	**Total equity** *RMB'000*
Balance as of January 1, 2020		–	–	100,000	–	(65,736)	34,264	–	34,264
Net profit		–	–	–	–	114,105	114,105	–	114,105
Deemed distribution	*1*	–	–	–	–	(115,233)	(115,233)	–	(115,233)
Balance as of December 31, 2020 and January 1, 2021		–	–	100,000	–	(66,864)	33,136	–	33,136
Net profit		–	–	–	–	83,731	83,731	–	83,731
Issue of ordinary shares		1	–	–	–	–	1	–	1
Impact of the Reorganization	*1*	–	–	–	–	(45,510)	(45,510)	–	(45,510)
Distribution to shareholders	*24(c)*	–	–	–	–	(22,000)	(22,000)	–	(22,000)
Deemed distribution	*1*	–	–	–	–	(33,145)	(33,145)	–	(33,145)
Balance as of December 31, 2021 and January 1, 2022		1	–	100,000	–	(83,788)	16,213	–	16,213
Net profit		–	–	–	–	95,877	95,877	35	95,912
Capital injection from non-controlling shareholder		–	–	49	–	–	49	961	1,010
Impact of the Reorganization	*1*	–	–	(100,014)	–	–	(100,014)	(996)	(101,010)
Appropriation to statutory reserves		–	–	–	1,868	(1,868)	–	–	–
Balance as of December 31, 2022 and January 1, 2023		1	–	35	1,868	10,221	12,125	–	12,125
Net profit		–	–	–	–	35,291	35,291	–	35,291
Shares issued under [**REDACTED**] Restricted Share Plan	*23*	*	(4,325)	4,325	–	–	–	–	–
Share-based compensation	*23*	–	–	13,654	–	–	13,654	–	13,654
Balance as of June 30, 2023		1	(4,325)	18,014	1,868	45,512	61,070	–	61,070
(Unaudited)									
Balance as of December 31, 2021 and January 1, 2022		1	–	100,000	–	(83,788)	16,213	–	16,213
Net profit		–	–	–	–	48,053	48,053	35	48,088
Capital injection from non-controlling shareholder		–	–	49	–	–	49	961	1,010
Impact of the Reorganization	*1*	–	–	(100,014)	–	–	(100,014)	(996)	(101,010)
Balance as of June 30, 2022		1	–	35	–	(35,735)	(35,699)	–	(35,699)

* less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in RMB

	Note	Year ended December 31, 2020 RMB'000	2021 RMB'000	2022 RMB'000	Six months ended June 30, 2022 RMB'000 (unaudited)	2023 RMB'000
Cash flows from operating activities						
Net cash generated from/(used in) operations	*17(b)*	124,227	116,376	97,355	(6,446)	(5,485)
Income taxes paid		–	(1,644)	(15,325)	(2,681)	(15,270)
Net cash generated from/(used in) operating activities		124,227	114,732	82,030	(9,127)	(20,755)
Cash flows from investing activities						
Purchase of property, plant and equipment		(959)	(1,113)	(1,024)	(293)	(147)
Net (payment)/receipt from related parties		(73,549)	(37,022)	114,634	(24,717)	14,251
Prepayment for acquisition of intangible assets		–	–	–	–	(1,698)
Loan to a third party		–	(4,800)	–	–	–
Receipt of loan to a third party		–	–	4,800	4,800	–
Interest received		–	–	174	174	–
Payment for non-refundable earnest money for an unconsummated investment		–	(10,000)	–	–	–
Net cash (used in)/generated from investing activities		(74,508)	(52,935)	118,584	(20,036)	12,406
Cash flows from financing activities						
Proceed from bank loans	*17(c)*	50,000	50,000	75,000	38,699	35,000
Repayment of bank loans	*17(c)*	–	(50,000)	(50,000)	–	(75,000)
Interest paid	*17(c)*	(817)	(2,712)	(3,174)	(1,274)	(1,219)
Issuance of restricted shares	*23*	–	–	–	–	4,325
Payment of lease liabilities	*17(c)*	(1,931)	(2,496)	(4,108)	(98)	(92)
Capital injection from non-controlling shareholder		–	–	1,010	1,010	–
Cash paid in connection with the Reorganization		–	–	(101,010)	–	–
Deemed distribution to shareholders *(Note i)*		(115,233)	(33,145)	–	–	–
Dividend paid to shareholders		–	(22,000)	–	–	–
[**REDACTED**] expenses paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash (used in)/generated from financing activities		(67,981)	(60,353)	(82,806)	38,337	(38,768)
Net (decrease)/increase in cash and cash equivalents		(18,262)	1,444	117,808	9,174	(47,117)
Cash and cash equivalents at the beginning of the year/period		18,351	89	1,533	1,533	119,341
Effect of foreign exchange rate changes		–	–	–	–	171
Cash and cash equivalents at the end of the year/period		89	1,533	119,341	10,707	72,395

Note (i): Deemed distribution represents the cash transferred to Jilin Changjiu Industrial Group Co., Ltd. for the periods ended December 31, 2020 and November 30, 2021. Further details of the basis of preparation of Historical Financial Information are set out in Note 1.

The accompanying notes form part of the Historical Financial Information.

NOTE TO THE HISTORICAL FINANCIAL INFORMATION

Expressed in RMB unless otherwise indicated

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Changjiu Holdings Limited (the "Company"), formerly known as Changjiu Digital Technology Limited, was incorporated in the Cayman Islands on June 16, 2021 as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands. On September 19, 2023, the Company changed its name from Changjiu Digital Technology Limited to Changjiu Holdings Limited.

The Company and its subsidiaries (together as the "Group") are principally engaged in the provision of pledged vehicle monitoring service and automobile dealership operation management service (the "[**REDACTED**] Businesses") across Mainland China.

To rationalize the corporate structure in preparation of the [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited (the "[**REDACTED**]"), the Group underwent a reorganization, as detailed in the section headed "History, Reorganization and Corporate Structure" in the Document (the "Reorganization").

Throughout the Track Record Period, the above-mentioned principal activities were carried out by Jilin Changjiu Industrial Group Co., Ltd ("Changjiu Industrial") and its subsidiaries, Changjiu Jinfu Enterprise Management Consultation (Shenzhen) Co., Ltd ("Changjiu Jinfu") and Shanghai Bozhong Digital Technology Co., Ltd ("Shanghai Bozhong"). In particular, the pledged vehicle monitoring services business was initially carried out by a separate division of Changjiu Industrial (the "Division") and then later transferred to Changjiu Jinfu as part of the Reorganization. On November 30, 2021, Changjiu Jinfu purchased the portion of pledged vehicle monitoring services business carried out by the Division (the "Relevant Business") from Changjiu Industrial to complete the transfer at a consideration of RMB45.5 million. Since then, the pledged vehicle monitoring services business is solely carried out by Changjiu Jinfu.

Historically, the Division maintained separate accounting records for the Relevant Business and was managed separately from the other businesses of Changjiu Industrial. In preparing the Historical Financial Information, transactions and balances relating to the Relevant Business have been identified from such separate accounting records of the Division and are included in the Historical Financial Information. As cash and bank accounts were centrally managed and controlled by Changjiu Industrial, the net amount of cash transactions relating to the Relevant Business amounting to RMB115.2 million and RMB33.1 million for the years ended December 31, 2020 and 2021, respectively, are presented as deemed distribution in the consolidated statements of changes in equity and statements of cash flows. Income tax charges have been allocated to the Relevant Business to reflect the proportion of the overall Changjiu Industrial tax charges attributable to the Relevant Business. The consideration RMB45.5 million payable to Changjiu Industrial for the acquisition of the Relevant Business has been adjusted directly in retained earnings in the consolidated statements of changes in equity.

The directors of the Company believe the basis of preparation described above results in a faithful representation of the assets, liabilities and economic activities associated with the pledged vehicle monitoring services business that has been under common control during the Track Record Period. However, as the Relevant Business did not operate as a stand-alone entity during certain periods within the Track Record Period, the Historical Financial Information may not necessarily reflect what its results of operations, financial position, and cash flows would have been had the Relevant Business operated as a separate entity throughout the Track Record Period.

As part of the Reorganization, in May 2022, Shanghai Bozhong acquired the pledged vehicle monitoring service business through the purchase of the 100% shares of Changjiu Jinfu at a cash consideration of RMB101.0 million. Since then, Shanghai Bozhong becomes the sole shareholder of Changjiu Jinfu.

Upon completion of the Reorganization on May 30, 2022, the Company became the holding company of the subsidiaries now comprising the Group.

The [**REDACTED**] Businesses are under the common control of Mr. Bo Shijiu and his spouse, Ms. Li Guiping (together, the "Ultimate Controlling Shareholders") before and after the Reorganization and the control is not transitory. As such, there has been a continuation of risks and benefits to the Ultimate Controlling Shareholders that existed prior to the Reorganization. Accordingly, the Reorganization has been accounted for as business combination involving entities under common control. The Historical Financial Information has been prepared and presented using the merger accounting principles.

The Historical Financial Information has been prepared by including the historical financial information of companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since the date when the combining companies first came under the control of the Ultimate Controlling Shareholders, whichever is a shorter period. The assets and liabilities of the companies taking part in the Reorganization are combined using the existing book values from the Ultimate Controlling Shareholders' perspective. There is no recognition of any additional goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganization to the extent of the continuation of the Ultimate Controlling Shareholders' interests. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

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

Company names	**Place and date of incorporation**	**Particulars of issued and Registered Capital**	**Proportion of ownership interest**		**Principal activities**
			Held by the Company	**Held by the Subsidiary**	
Directly held					
Hong Kong Changjiu Digital Technology Limited *(Note (ii))*	Hong Kong July 15, 2021	1 ordinary share USD1	100%	–	Investing holding company
Indirectly held					
Shanghai Bozhong (上海鉑中數字科技有限公司) *(Note (i)(iii))*	Shanghai, PRC September 6, 2021	RMB 3,000,000	–	100%	Automobile dealership operation management service
Changjiu Jinfu (長久金孚企業管理諮詢(深圳) 有限公司) *(Note (i)(iv))*	Shenzhen, PRC September 9, 2016	RMB 101,010,100	–	100%	Pledged vehicle monitoring services

Notes:

(i) The official names of these entities are in Chinese. The English names are for identification purpose only.

(ii) The entity prepared the financial statements for the period from the date of incorporation to December 31, 2022 in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The financial statements were audited by LINKERS CPA LIMITED.

(iii) No statutory audited financial statements have been prepared for the period from the date of incorporation to December 31, 2021. The statutory financial statements for the year ended December 31, 2022 was audited by Beijing Dongshen Certified Public Accountants LLP (北京東審會計師事務所(特殊普通合夥)).

(iv) The entity prepared the financial statements in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The financial statements for the year ended December 31, 2020, 2021 and 2022 were audited by Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd (北京東審鼎立國際會計師事務所有限責任公司), Shenzhen Nanshen Certified Public Accountants (General Partnership) (深圳南審會計師事務所(普通合夥)), and Beijing Dongshen Certified Public Accountants LLP (北京東審會計師事務所(特殊普通合夥)), respectively.

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

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing and presenting Historical Financial Information, the Group has consistently applied all applicable new and revised IFRSs, which are effective for the accounting period beginning on January 1, 2023 throughout the Track Record Period, including *Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction* but except for any new standards or interpretations that are not yet effective for an annual period beginning on January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for an annual period beginning on January 1, 2023 are set out in Note 29.

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 POLICY INFORMATION

(a) Basis of measurement

The Historical Financial Information is presented in RMB, rounded to the nearest thousands, except for earnings per share information. RMB is the functional currency of the Group.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRSs 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 recognized 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 IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Consolidation

(i) Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amounts of the net assets acquired and the consideration paid for the combination is adjusted to equity. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(ii) 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 unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(g)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)(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 recognized in profit or loss on the date of retirement or disposal.

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 are as follows:

– Office equipment	1-5 years
– Electronic equipment	1-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(g)(ii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization 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 life are amortized from the date they are available for use and their estimated useful lives are as follows:

– Software	3-10 years

The estimates and associated assumptions of useful life determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the software and the daily operation needs, the Group considers a useful life of 3-10 years to be their best estimation.

Both the period and method of amortization are reviewed annually.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see Note 2(g)(ii)). Other development expenditure is recognized as an expense in the period in which it is incurred. There were no development expenditure capitalized as intangible assets as of December 31, 2020, 2021, 2022 and June 30, 2023.

(f) Lease

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 the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes 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. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized 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 amortized 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 recognized when a lease is capitalized 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 Note 2(g)(ii)). The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment.

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 lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statement of financial position. In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including trade receivables and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

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:

– fixed-rate financial assets and trade and other receivables: 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.

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 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 an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes 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 realizing 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;

– 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 remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized 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 amortized 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 reorganization;

– 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 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 recognized 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 or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– right-of-use assets;

– other non-current assets;

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *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 recognized 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 recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or Group of units) and then, to reduce the carrying amount of the other 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*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(h) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 2(g)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(i)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(p)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(i)).

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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(p)(ii)).

(i) Trade and other receivables

A receivable is recognized 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 recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(h)).

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(g)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in Note 2(g)(i).

(k) Trade and other payables

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

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(r)).

(m) Employee benefits

(i) 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.

(ii) Termination benefits

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

(iii) Share-based compensation

The Company adopts share incentive plan, under which it receives services from director and employees as consideration for equity instruments (including share options and restricted shares) of the Company. The fair value of the services received in exchange for the grant of the equity instruments (share options and restricted shares) is recognized as an expense in the consolidated statements of profit or loss.

Share options

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing models:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions; and

– including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Restricted shares

For grant of restricted shares, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

The total expense is recognized over the lock-up period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to unlock based on service condition. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Share-based compensation transaction among group entities

The grant by the Company of share incentive plan over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

Modifications and Cancellations

The Group may modify the terms and conditions on which share incentive awards were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period.

A grant of share incentive awards, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(n) 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 recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized 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 reporting period, and any adjustment to tax payable in respect of previous years.

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 utilized, are recognized. 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 assets 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 credit, 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 utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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 recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the lease liabilities and the right-of-use assets.

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 utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

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 and 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 and the Group intends either to settle on a net basis, or to realize 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 realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognized 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.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of operations 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.

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

(i) Revenue from contracts with customers

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

The Group transfers control of goods or services and recognizes revenue over time, if one of the following criteria is met:

– The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

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

The Group principally generates its revenue from rendering of pledged vehicle monitoring service and automobile dealership operation management service.

(a) Pledged vehicle monitoring service

The Group provides pledged vehicle monitoring services to its customers, primarily monitoring of pledged vehicles and keeping vehicle conformity certificates and car keys, to protect the interest of financial institutions that have entered into financing credit arrangements with automobile dealerships. The Group recognizes revenue from pledged vehicle monitoring services on a straight-line basis over time as the customers simultaneously receives and consumes the benefits throughout the period during the services are provided. Additionally, the Group provides on-site supervision services, such as vehicles sales invoices check and physical check, such revenue is recognized at point in time when the service is rendered.

(b) Automobile dealership operation management service

The Group provides operation management service to automobile dealerships that seek more optimal business and financial performance and receives management service fee which is determined based on a percentage of operation income or operation profit generated by automobile dealerships during the services period. The percentage is based on the terms specific in the service contract with automobile dealerships. As a result, the management service fee includes variable consideration. The Group estimates variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Group recognized revenue from operation management services over time as the customers simultaneously receives and consumes the benefits throughout the period during the services are provided.

(ii) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost 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 amortized cost (i.e., gross carrying amount net of loss allowance) of the asset (see Note 2(g)(i)).

(iii) Government grants

Government grants are recognized 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 recognized 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 deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(q) 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 recognized in profit or loss except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

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 recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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 recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

(r) Borrowing costs

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

(s) 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); or

(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.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, 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.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

(b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation among historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Fair value of share-based payments

As mentioned in Note 23, the Group has granted restricted shares and shares options to one director and certain employees. The Group has used discounted cash flow method to determine underlying equity value of the Group, then discount for lack of marketability is estimated to determine the fair value of restricted shares. The Group has used binomial option-pricing model to determine the total fair value of the options granted to one director and certain employees. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the binomial option-pricing model.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing pledged vehicle monitoring service and automobile dealership operation management service in Mainland China.

(i) The amount of each significant category of revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	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 IFRS 15					
Pledged vehicle monitoring service	430,587	477,697	505,049	245,760	279,067
Automobile dealership operation management service	–	–	42,818	12,892	30,364
	430,587	477,697	547,867	258,652	309,431

During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective year/period are set out below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Customer A	*	62,195	89,801	40,636	56,483
Customer B	*	*	81,147	33,884	49,522
Customer C	*	*	61,483	27,299	34,228

* Transactions with these customers did not exceed 10% of the Group's revenue in the respective year/period.

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Point-in-time	12,647	20,875	16,317	8,933	6,648
Over-time	417,940	456,822	531,550	249,719	302,783
	430,587	477,697	547,867	258,652	309,431

Remaining Performance Obligation

The Group has elected the practical expedient not to disclose the value of remaining performance obligations for contracts in which the Group recognizes revenue at the amount to which the Group has the right to invoice.

(ii) Contract Liabilities

The Group collected payments in advance from customers primarily for providing pledged vehicle monitoring services and automobile dealership operation management services. The Group has recognized the following liabilities related to contracts with customers under "contract liabilities":

		As of December 31,			As of June 30,
	Note	2020	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract Liabilities					
– third parties		52,657	62,703	53,191	46,637
– related parties	*26(d)*	–	6,723	5,732	4,031
		52,657	69,426	58,923	50,668

As of January 1, 2020, contract liabilities amounted to RMB50.0 million.

The balance of contract liabilities with related parties is trade in nature.

Movements in contract liabilities

	Year ended December 31, 2020	2021	2022	Six months ended June 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1	49,962	52,657	69,426	58,923
Decrease in contract liabilities as a result of recognising revenue during the year/period that were included in the contract liabilities at the beginning of the year/period	(46,216)	(47,791)	(54,978)	(46,912)
Increase in contract liabilities during the year/period	55,043	75,332	59,337	49,551
Decrease in contract liabilities as a result of transfer to other payables to customers	(6,132)	(10,772)	(14,862)	(10,894)
Balance at December 31/June 30	52,657	69,426	58,923	50,668

(b) Segment reporting

The Group manage its businesses by business line. In a manner consistent with the way in the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments: pledged vehicle monitoring service and automobile dealership operation management service.

For the purpose of assessing segment performance and allocating between segments, the Group's senior executive management monitors the revenue and gross profit attributable to each reportable segment. Other items in profit or loss are not allocated to reportable segment.

Revenue and cost are allocated to the reportable segment with reference to sales generated by those segments and the cost incurred by those segments.

Other information, together with the segment information, provided to the Group's senior executive management, is measured in a manner consistent with that applied in these financial statements. There were no separate segment assets and segment liabilities information provided to the Group's senior executive management, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

The amount of each significant category of revenue recognized during the Track Record Period is as follows:

	Year ended December 31, 2020		
	Pledged vehicle monitoring service	Automobile dealership operation management service	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	430,587	–	430,587
Segment cost	(261,629)	–	(261,629)
Gross profit	168,958	–	168,958

	Year ended December 31, 2021		
	Pledged vehicle monitoring service	Automobile dealership operation management service	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	477,697	–	477,697
Segment cost	(295,401)	–	(295,401)
Gross profit	182,296	–	182,296

	Year ended December 31, 2022		
	Pledged vehicle monitoring service	Automobile dealership operation management service	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	505,049	42,818	547,867
Segment cost	(295,359)	(27,469)	(322,828)
Gross profit	209,690	15,349	225,039

	Six months ended June 30, 2023		
	Pledged vehicle monitoring service	Automobile dealership operation management service	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	279,067	30,364	309,431
Segment cost	(157,603)	(18,425)	(176,028)
Gross profit	121,464	11,939	133,403

	Six months ended June 30, 2022 (unaudited)		
	Pledged vehicle monitoring service	Automobile dealership operation management service	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	245,760	12,892	258,652
Segment cost	(146,588)	(5,816)	(152,404)
Gross profit	99,172	7,076	106,248

All of the Group's operating assets are located in Mainland China and all of the Company's revenue and operating profits are derived from Mainland China during the Track Record Period. Accordingly, no segment analysis based on geographical locations is provided.

The reconciliation of segment gross profit to profit before taxation for the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2022 and 2023 are presented in the consolidated statements of profit or loss of the Group.

5 NET OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Government grants	191	34	416	256	13
Extra deduction of input VAT	210	192	843	62	504
Net exchange gains	–	–	–	–	171
Others	153	215	293	227	135
	554	441	1,552	545	823

6 PROFIT BEFORE TAXATION

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

(a) Net finance expense

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on bank loan	817	2,712	3,174	1,274	1,219
Interest expense on lease liabilities	79	271	298	117	321
Other financial expenses/(income)	68	71	(199)	(154)	(54)
Subtotal	964	3,054	3,273	1,237	1,486

(b) Staff cost

	Note	Year ended December 31,			Six months ended June 30,	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, wages, and other benefits		34,403	46,694	64,912	28,717	43,559
Contributions to defined contribution retirement plan	*(i)*	287	4,093	8,615	2,624	5,120
Share-based compensation expenses		–	–	–	–	13,654
Termination benefits		181	19	364	–	1,122
Subtotal		34,871	50,806	73,891	31,341	63,455

Note (i): Employees of the Group's subsidiaries in the Mainland China are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) Other items

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Subcontracting costs	252,783	285,455	290,239	143,886	155,373
Technology and professional service fees	6,210	7,856	20,360	6,752	4,350
Depreciation and amortization charges					
– property, plant, and equipment	2,626	1,814	1,276	611	509
– right-of-use assets	1,803	2,327	4,439	1,517	3,431
– intangible assets	810	860	792	396	489
Impairment losses/(reversals)					
– trade receivables	330	(92)	2,213	2,036	3,950
– other receivables	440	(18)	342	(25)	(300)
Auditors' remuneration	7	13	7	7	31
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss:

	Note	Year ended December 31, 2020 RMB'000	2021 RMB'000	2022 RMB'000	Six months ended June 30, 2022 RMB'000 (unaudited)	2023 RMB'000
Current tax						
– PRC Enterprise Income Tax ("EIT") Provision for the year/period	*22(a)*	–	5,356	32,895	15,672	23,324
Deferred tax						
– (Origination)/ Reversal of temporary differences	*22(b)*	(4,271)	4,062	(1,181)	(876)	(3,143)
		(4,271)	9,418	31,714	14,796	20,181

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

	Note	Year ended December 31, 2020 RMB'000	2021 RMB'000	2022 RMB'000	Six months ended June 30, 2022 RMB'000 (unaudited)	2023 RMB'000
Profit before taxation		109,834	93,149	127,626	62,884	55,472
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions		27,459	23,287	31,906	15,721	16,819
Tax effect of:						
Income not subject to tax	*(i)*	(30,453)	(13,442)	–	–	–
Non-deductible other expenses and loss		239	1,241	1,601	44	717
Super deduction for research and development expenses		(1,516)	(1,668)	(1,793)	(969)	(768)
Non-deductible share-based compensation expenses		–	–	–	–	3,413
Actual income tax (benefit)/expense		(4,271)	9,418	31,714	14,796	20,181

Note:

(i) Prior to the completion of the Reorganization within the Track Record Period, which is the year ended December 31, 2020 and the eleven months ended November 30, 2021, pledged vehicle monitoring service was operated by both the Division of Changjiu Industrial and Changjiu Jinfu. Regarding the portion of income arising from services operated by the Division of Changjiu Industrial, income tax liability was determined with respect to Changjiu Industrial as a whole. During such periods, Changjiu Industrial as a whole was loss-making after tax adjustments and therefore the relevant income generated by the Division of Changjiu industrial is "not subject to tax."

Notes:

Cayman Islands

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

Hong Kong

The Company's Hong Kong subsidiary, incorporated in July 2021, is subject to a profits tax rate of 8.25% for the first HKD2,000,000 of assessable profit and 16.5% for profit exceeding HKD2,000,000. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax for the period from date of incorporation to December 31, 2021, the year ended December 31, 2022 and for the six months ended June 30, 2022 and 2023.

Mainland China

All subsidiaries established in Mainland China are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") for the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2022 and 2023.

Withholding tax on undistributed dividends

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise ("FIE") to its immediate holding company outside of Mainland China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within Mainland China or if the received dividends have no connection with the establishment or place of such immediate holding company within Mainland China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in Mainland China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The Company has not declared or paid, or planned to declare, any dividend to its shareholders from the profits generated during the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2022 and 2023. Therefore, the Company has not recorded any withholding tax on any profits generated by the PRC Operation Entities.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Track Record Period are as follows:

	Year ended December 31, 2020					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Bo Shijiu	–	–	–	–	–	–
Li Guiping	–	–	–	–	–	–
Jia Hui	–	570	144	3	–	717
	–	570	144	3	–	717

	Year ended December 31, 2021					
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Share-based compensation expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Bo Shijiu	–	–	–	–	–	–
Li Guiping	–	–	–	–	–	–
Jia Hui	–	934	412	48	–	1,394
	–	934	412	48	–	1,394

	Year ended December 31, 2022					
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Share-based compensation expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Bo Shijiu	–	–	–	–	–	–
Li Guiping	–	–	–	–	–	–
Jia Hui	–	900	560	58	–	1,518
	–	900	560	58	–	1,518

	Six months ended June 30, 2023					
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Share-based compensation expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Bo Shijiu	–	1,025	–	26	–	1,051
Li Guiping	–	211	–	20	–	231
Jia Hui	–	447	280	31	1,605	2,363
Non-executive directors						
Jin Ting	–	–	–	–	–	–
	–	1,683	280	77	1,605	3,645

	Six months ended June 30, 2022 (unaudited)					
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Share-based compensation expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Bo Shijiu	–	–	–	–	–	–
Li Guiping	–	–	–	–	–	–
Jia Hui	–	449	280	27	–	756
	–	449	280	27	–	756

Notes:

(i) Mr. Bo Shijiu and Ms. Li Guiping are the founders and key management personnel of the Group during the Track Record Period and were appointed as directors of the Company in June 2021. No remuneration had been paid to them for the periods from January 1, 2020 to December 31, 2022.

(ii) Ms. Jia Hui is a key management personnel of the Group during the Track Record Period and was appointed as a director of the Company in April 2023. The remuneration disclosed above represented the compensation for her services as key management personnel.

(iii) Jin Ting was appointed as non-executive director of the Company in April 2023. During the Track Record Period, no remuneration had been paid to her.

(iv) During the Track Record Period, no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the Track Record Period.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2022 and 2023 are set forth below:

	Years ended December 31,			Six months ended June 30	
	2020	**2021**	**2022**	**2022**	**2023**
				(unaudited)	
Director	1	1	1	1	1
Non-directors	4	4	4	4	4
	5	5	5	5	5

The emoluments of the directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances, and benefits in kind	1,404	2,214	3,090	1,545	1,462
Discretionary bonuses	768	623	175	88	124
Share-based compensation expenses	–	–	–	–	3,448
Retirement scheme contributions	15	186	191	95	112
Total	2,187	3,023	3,456	1,728	5,146

The emoluments of the other individuals with the highest emoluments are all within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	**Number of individuals**	**Number of individuals**	**Number of individuals** *(unaudited)*	**Number of individuals**
Nil – HKD1,000,000	4	3	2	4	–
HKD1,000,001 – HKD1,500,000	–	1	2	–	3
HKD1,500,001 – HKD2,000,000	–	–	–	–	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue or deemed to be in issue during the Track Record Period. The profit attributable to restricted shares held for the [**REDACTED**] Restricted Share Plan (see Note 23) and the number of such shares have been excluded from the calculation of basic earnings per share.

For the purpose of calculating earnings per share, the weighted average number of ordinary shares in issue or deemed to be in issue were determined as if the Reorganization as described in Note 1 and share subdivision on February 15, 2023 whereby each ordinary share was subdivided into 1,500,000 ordinary shares as described in Note 24(a) had occurred on January 1, 2020.

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
				(unaudited)	
Profit attributable to equity shareholders of the Company (RMB'000)	114,105	83,731	95,877	48,053	35,291
Less: profit attributable to grantees of the [**REDACTED**] Restricted Share Plan	–	–	–	–	(242)
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	114,105	83,731	95,877	48,053	35,049
Weighted average number of ordinary shares in issue or deemed to be in issue *(Note 24(a))*	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share attributable to ordinary equity shareholders of the Company (in RMB per share)	0.76	0.56	0.64	0.32	0.23

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in issue during the Track Record Period. Therefore, diluted earnings per share for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 were the same as basic earnings per share of the respective periods.

11 PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
Cost:			
As of January 1, 2020	16,506	8,082	24,588
Additions	516	443	959
Disposals	(1,303)	(122)	(1,425)
As of December 31, 2020/January 1, 2021	15,719	8,403	24,122
Additions	784	329	1,113
Disposals	(2)	–	(2)
As of December 31, 2021/January 1, 2022	16,501	8,732	25,233
Additions	419	605	1,024
As of December 31, 2022/January 1, 2023	16,920	9,337	26,257
Additions	146	1	147
As of June 30, 2023	17,066	9,338	26,404
Accumulated depreciation:			
As of January 1, 2020	(13,525)	(5,595)	(19,120)
Charge for the year	(1,694)	(932)	(2,626)
Disposals	1,263	104	1,367
As of December 31, 2020/January 1, 2021	(13,956)	(6,423)	(20,379)
Charge for the year	(993)	(821)	(1,814)
Disposals	2	–	2
As of December 31, 2021/January 1, 2022	(14,947)	(7,244)	(22,191)
Charge for the year	(717)	(559)	(1,276)
As of December 31, 2022/January 1, 2023	(15,664)	(7,803)	(23,467)
Charge for the period	(295)	(214)	(509)
As of June 30, 2023	(15,959)	(8,017)	(23,976)
Net book value:			
As of December 31, 2020	1,763	1,980	3,743
As of December 31, 2021	1,554	1,488	3,042
As of December 31, 2022	1,256	1,534	2,790
As of June 30, 2023	1,107	1,321	2,428

12 INTANGIBLE ASSETS

	Note	Software
		RMB'000
Cost:		
As of January 1, 2020		7,459
Additions		–
As of December 31, 2020/January 1, 2021		7,459
Additions		–
As of December 31, 2021/January 1, 2022		7,459
Additions		–
As of December 31, 2022/January 1, 2023		7,459
Additions	*(i)*	5,663
As of June 30, 2023		13,122
Accumulated amortization:		
As of January 1, 2020		(1,585)
Charge for the year		(810)
As of December 31, 2020/January 1, 2021		(2,395)
Charge for the year		(860)
As of December 31, 2021/January 1, 2022		(3,255)
Charge for the year		(792)
As of December 31, 2022/January 1, 2023		(4,047)
Charge for the period		(489)
As of June 30, 2023		(4,536)
Net book value:		
As of December 31, 2020		5,064
As of December 31, 2021		4,204
As of December 31, 2022		3,412
As of June 30, 2023		8,586

Note (i): The addition of intangible asset with amount of RMB5.7 million is purchased from a related party and settled by offsetting the amount due from the related party.

13 RIGHT-OF-USE ASSETS

	As of December 31			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
As of January 1,	2,067	2,467	8,770	12,297
Inception of leases	400	6,303	9,830	7,844
Expiration of leases	–	–	(6,303)	(62)
As of December 31/June 30,	2,467	8,770	12,297	20,079
Accumulated depreciation:				
As of January 1,	–	(1,803)	(4,130)	(6,468)
Charge for year/period	(1,803)	(2,327)	(4,439)	(3,431)
Expiration of leases	–	–	2,101	–
As of December 31/June 30,	(1,803)	(4,130)	(6,468)	(9,899)
Net book value:				
As of December 31/June 30,	664	4,640	5,829	10,180

14 INVESTMENT IN SUBSIDIARIES

	Note	As of December 31,		As of June 30,
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Investment in a subsidiary	*(i)*	–	–	–
Deemed investment arising from share- based compensation	*(ii)*	–	–	13,654
Total		–	–	13,654

Note:

(i): The share capital of the subsidiary directly held by the Company was not paid up as of June 30, 2023.

(ii): The amount represents share-based compensation expenses arising from the grant of share options and restricted shares of the Company to certain employees of the subsidiaries in exchange for their services provided to these subsidiaries, which were deemed to be investments made by the Company into these subsidiaries.

15 TRADE RECEIVABLES

	Note	As of December 31, 2020	2021	2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables					
– third parties		40,714	56,902	94,948	170,319
– related parties	*26(d)*	243	3,860	9,284	16,335
Less: loss allowance		(993)	(901)	(2,921)	(6,871)
Trade receivables, net		39,964	59,861	101,311	179,783

The balance of trade receivables with related parties is trade in nature.

The Group's trade receivable from financial institutions with carrying values of approximately RMB165.1 million as of June 30, 2023 were pledged to secure certain bank loans granted to the Group (Note 18).

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	As of December 31, 2020	2021	2022	As of June 30 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	33,122	53,055	82,032	98,566
3 months to 6 months (inclusive)	4,202	4,558	11,190	57,382
6 months to 1 year (inclusive)	1,656	1,625	7,862	22,251
Over 1 year	1,977	1,524	3,148	8,455
Less: loss allowance	(993)	(901)	(2,921)	(6,871)
Trade receivables, net	39,964	59,861	101,311	179,783

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 25(a).

16 PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Group

	Note	As of December 31, 2020	2021	2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties	*26(d)*	148,303	139,813	25,179	5,265
Prepaid expenses		96	14	605	5,191
Deposits		791	1,103	287	307
Prepaid income tax		–	–	898	898
Loan to a third party	*(i)*	–	4,800	–	–
Less: loss allowance		(440)	(422)	–	–
Total		148,750	145,308	26,969	11,661

Note (i): Represents a loan to a third party with interest rate of 6.000% per annum in 2021, and the loan was fully repaid in June 2022.

The balance of amount due from related parties is non-trade in nature and was settled in November 2023.

Movement in the loss allowance account in respect of financial assets measured at amortized cost during the year/period is as follows:

	Year ended December 31,			Six months ended June 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1,	–	440	422	–
Loss allowance recognized/(reversed) during the year/period	440	(18)	342	(300)
Written off	–	–	(764)	–
Recovery	–	–	–	300
Balance as of December 31/June 30	440	422	–	–

The Company

As of June 30, 2023, the prepaid expenses and other current assets primarily consists of capitalized amount of the [**REDACTED**] expenses and will be deducted from equity upon the [**REDACTED**].

17 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group

	As of December 31,			As of June 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	89	1,533	119,341	72,395

The Company

	As of December 31,		As of June 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	–	–	4,536

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

	Note	Year ended December 31, 2020	2021	2022	Six months ended June 30, 2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation		109,834	93,149	127,626	62,884	55,472
Adjustments for:						
Depreciation of property, plant, and equipment		2,626	1,814	1,276	611	509
Depreciation of right-of-use assets		1,803	2,327	4,439	1,517	3,431
Amortization of intangible assets		810	860	792	396	489
Net exchange gains		–	–	–	–	(171)
Impairment losses/(reversals)		770	(110)	2,555	2,011	3,650
Finance cost		896	2,983	3,298	1,217	1,540
Non-refundable earnest money for an unconsummated investment	*(i)*	–	10,000	–	–	–
Share-based compensation expenses	*23*	–	–	–	–	13,654
Operating profit before changes in working capital		116,739	111,023	139,986	68,636	78,574
Changes in working capital						
Decrease/(increase) in trade receivables		3,254	(19,805)	(43,663)	(68,805)	(82,422)
Decrease/(increase) in prepaid expenses and other current assets		1,229	(227)	(109)	(537)	(826)
Increase/(decrease) in trade payables		2,204	(272)	3,038	602	(2,019)
Increase/(decrease) in contract liabilities		2,695	16,769	(10,503)	(16,436)	(8,255)
(Decrease)/increase in accrued expenses and other liabilities		(1,894)	8,888	8,606	10,094	9,463
Net cash generated from/(used in) operations		124,227	116,376	97,355	(6,446)	(5,485)

Note (i): Changjiu Jinfu entered an investment contract with third parties in 2021 and paid RMB10.0 million as performance deposit. The transaction was subsequently cancelled by Changjiu Jinfu and the performance deposit was non-refundable according to the contract.

(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 statements of cash flows as cash flows from financing activities.

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As of January 1, 2020	–	2,067	2,067
Changes from financing cash flows:			
Proceed from bank loans	50,000	–	50,000
Interest paid	(817)	–	(817)
Payment of lease liabilities	–	(1,931)	(1,931)
Other changes:			
Increase in lease liabilities	–	400	400
Interest expenses	817	79	896
As of December 31, 2020/January 1, 2021	50,000	615	50,615
Changes from financing cash flows:			
Proceed from bank loans	50,000	–	50,000
Repayment of bank loans	(50,000)	–	(50,000)
Interest paid	(2,712)	–	(2,712)
Payment of lease liabilities	–	(2,496)	(2,496)
Other changes:			
Increase in lease liabilities	–	6,303	6,303
Interest expenses	2,712	271	2,983
As of December 31, 2021/January 1, 2022	50,000	4,693	54,693
Changes from financing cash flows:			
Proceed from bank loans	75,000	–	75,000
Repayment of bank loans	(50,000)	–	(50,000)
Interest paid	(3,174)	–	(3,174)
Payment of lease liabilities	–	(4,108)	(4,108)
Other changes:			
Increase in lease liabilities	–	9,830	9,830
Expiration of leases	–	(4,296)	(4,296)
Interest expenses	3,174	298	3,472
As of December 31, 2022	75,000	6,417	81,417
As of January 1, 2023	75,000	6,417	81,417
Changes from financing cash flows:			
Proceed from bank loans	35,000	–	35,000
Repayment of bank loans	(75,000)	–	(75,000)
Interest paid	(1,219)	–	(1,219)
Payment of lease liabilities	–	(92)	(92)
Other changes:			
Increase in lease liabilities	–	7,844	7,844
Expiration of leases	–	(62)	(62)
Interest expenses	1,219	321	1,540
As of June 30, 2023	35,000	14,428	49,428

(Unaudited)	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As of January 1, 2022	50,000	4,693	54,693
Changes from financing cash flows:			
Proceed from bank loans	38,699	–	38,699
Interest paid	(1,274)	–	(1,274)
Payment of lease liabilities	–	(98)	(98)
Other changes:			
Increase in lease liabilities	–	9,830	9,830
Expiration of leases	–	(4,296)	(4,296)
Interest expenses	1,274	117	1,391
As of June 30, 2022	88,699	10,246	98,945

18 BANK LOANS

	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	50,000	50,000	75,000	35,000

The Group borrowed short-term loans of RMB50.0 million, RMB50.0 million and RMB75.0 million under facility agreements at the interest rate of 5.655% per annum, 4.600% per annum and 4.600% per annum, respectively as of December 31, 2020, 2021 and 2022. The loans are all guaranteed by Ultimate Controlling Shareholders and Changjiu Industrial, which are related parties of the Group. The bank loans as of December 31, 2022 were fully repaid and guarantee was released in April 2023.

The Group entered into a new facility agreement with a commercial bank in the PRC for a line of credit of RMB60.0 million for one year in April 2023. The agreement is pledged by the Group's trade receivables from financial institutions with an initial amount of RMB89.2 million and changed from time to time. The Group borrowed RMB35.0 million under the agreement at the interest rate of 4.600% per annum as of June 30, 2023.

19 TRADE PAYABLES

	Note	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables					
– third parties		25,071	25,469	28,507	26,488
– related party	*26(d)*	670	–	–	–
		25,741	25,469	28,507	26,488

The balance of trade payables with related parties is trade in nature.

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	25,728	25,469	28,507	26,488
6 months to 1 year	13	–	–	–
	25,741	25,469	28,507	26,488

All of the trade payables are expected to be settled within one year or are repayable on demand.

20 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The Group

		As of December 31,			As of June 30,
	Note	2020	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables to customers	*(i)*	13,983	20,167	26,634	34,880
Accrued payroll and welfare		5,838	9,152	15,209	12,429
Value-Added Tax and surcharges payable		15,757	13,837	10,168	10,174
Deposit received from third parties		3,179	2,933	2,603	2,535
Amounts due to related parties	*26(d)*	1,301	1,301	1,301	2,391
Restricted shares repurchase liability	*23*	–	–	–	4,325
Accrued [**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others		460	2,016	2,097	1,023
Total		40,518	49,406	58,012	71,800

Note (i): Other payables to customers primarily represent advance payment of pledged vehicle monitoring service received from automobile dealerships which had terminated their financing relationship with financial institutions or automobile dealerships whose obligation to pay service fee has been transferred to financial institutions during the service period. The Group is obligated to refund the amounts when demanded.

The balance of amounts due to related parties is trade in nature.

All of the accrued expenses and other current liabilities are expected to be settled within one year or are repayable on demand.

The Company

	Note	As of December 31, 2021	2022	As of June 30, 2023
		RMB'000	RMB'000	RMB'000
Amounts due to subsidiaries		–	2,656	12,965
Restricted shares repurchase liability	23	–	–	4,325
Accrued [**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total		–	2,656	21,333

The amounts due to subsidiaries are non-trade nature, which are unsecured and repayable on demand.

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

	As of December 31, 2020	2021	2022	As of June 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Maturity analysis-contractual undiscounted cash flows				
Within 1 year or on demand	247	2,500	6,515	7,609
More than 1 year but less than 2 years	250	2,356	65	7,475
More than 2 years but less than 5 years	171	65	–	–
Total undiscounted lease liabilities	668	4,921	6,580	15,084
Less: total future interest expenses	(53)	(228)	(163)	(656)
Present value of lease liabilities	615	4,693	6,417	14,428
Lease liabilities included in the consolidated statements of financial position				
Current	218	2,334	6,353	7,120
Non-current	397	2,359	64	7,308
Present value of lease liabilities	615	4,693	6,417	14,428

	Year ended December 31, 2020	2021	2022	Six months ended June 30, 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amounts recognized in profit or loss					
Interest on lease liabilities	79	271	298	117	321
Amounts recognized in the consolidated statements of cash flows					
Total cash flow for leases	1,931	2,496	4,108	98	92

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

Reconciliation to the consolidated statements of financial position:

		Year ended December 31,			Six months ended June 30,
		2020	2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as of January 1		–	–	3,712	22,180
Provision for current income tax for the year/period	*7(a)*	–	5,356	32,895	23,324
Payment during the year/period		–	(1,644)	(14,427)	(15,270)
Balance as of December 31/June 30		–	3,712	22,180	30,234

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Deductible accumulative losses	Impairment losses	Lease liabilities and others	Total deferred tax assets	Depreciation of right of use assets	Total deferred tax liabilities	Net
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2020	–	122	–	122	–	–	122
Credited/(charged) to profit or loss *(Note 7(a))*	4,146	137	154	4,437	(166)	(166)	4,271
As of December 31, 2020 and January 1, 2021	4,146	259	154	4,559	(166)	(166)	4,393
Credited/(charged) to profit or loss *(Note 7(a))*	(4,146)	71	1,007	(3,068)	(994)	(994)	(4,062)
As of December 31, 2021 and January 1, 2022	–	330	1,161	1,491	(1,160)	(1,160)	331
Credited/(charged) to profit or loss *(Note 7(a))*	668	366	444	1,478	(297)	(297)	1,181
As of December 31, 2022 and January 1, 2023	668	696	1,605	2,969	(1,457)	(1,457)	1,512
Credited/(charged) to profit or loss *(Note 7(a))*	1,364	864	2,003	4,231	(1,088)	(1,088)	3,143
As of June 30, 2023	2,032	1,560	3,608	7,200	(2,545)	(2,545)	4,655

(ii) Reconciliation to the consolidated statements of financial position

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total deferred tax assets	4,559	1,491	2,969	7,200
Total deferred tax liabilities	(166)	(1,160)	(1,457)	(2,545)
Net deferred tax assets recognized in the consolidated statement of financial position	4,393	331	1,512	4,655

23 Share-based compensation

During the Track Record Period, the Group has the following share-based compensation arrangements:

(i) [REDACTED] Restricted Share Plan

The Company adopted a restricted share plan ("[**REDACTED**] Restricted Share Plan") and granted a total number of 1,620,000 restricted shares to one director and certain employees at a purchase price of RMB2.67 per share on March 7, 2023 through issuing shares to Yuanshenghe (Shanghai) Enterprise Management Partnership (Limited Partnership) ("the Restricted Share SPV"), which is a limited partnership with the grantees of the [**REDACTED**] Restricted Share Plan as the limited partners. The restricted shares would become unlocked in tranches from the grant date on specific service condition that the grantees remain in service and scheduled to be unlocked over four years without any performance condition requirements. Based on the schedules of the [**REDACTED**] Restricted Share Plan, 25% of restricted shares shall become unlocked upon each anniversary from the grant date thereafter of completed service.

For the locked restricted shares, if the service conditions are not fulfilled and the corresponding tranche of restricted shares granted cannot be unlocked, unlocked restricted shares will be repurchased at the initial purchase price paid by the grantees, or plus interest in an amount equal to 6% of the initial purchase price in certain condition. For the unlocked restricted shares, if the grantee's employment is terminated by the Group, the unlocked restricted shares held prior to the [**REDACTED**] of the Company will be repurchased at the initial purchase price paid by the grantees. Movements in the number of restricted shares granted and the weighted average grant date fair value as follows:

	Number of restricted shares	Weighted average grant date fair value per share	Remaining lock-up periods
		RMB	*Year*
Outstanding as of January 1, 2023	–	–	–
Granted during the period	1,620,000	[**REDACTED**]	
Outstanding as of June 30, 2023	1,620,000	[**REDACTED**]	2.19

Share-based compensation expenses related to [**REDACTED**] Restricted Share Plan is based on the grant date fair value of the restricted shares, and is recognized on a straight-line basis over the lock-up period of each tranches. The fair value of restricted shares at the grant date are determined by reference to the fair value of the underlying ordinary shares of the Company on the grant date, taking into account of the discount for lack of marketability and the purchase price. Discounted cash flow method was applied to determine the underlying equity value of the Company and the fair value of underlying ordinary shares. The grant date fair value of the restricted shares was determined with the assistance of an independent valuation firm.

(ii) [REDACTED] Share Option Plan

The Company adopted a share option plan ("[**REDACTED**] Share Option Plan") and granted a total number of [**REDACTED**] options to one director and certain employees with an exercise price of RMB6.67 pursuant to the [**REDACTED**] Share Option Plan on March 7, 2023. The grantees of the [**REDACTED**] Share Option Plan are required to satisfy certain vesting service and non-market performance conditions for the entitlements, and a maximum of 25% of the granted options are vested on each anniversary from the grant date subject to fulfilment of the respective vesting criteria.

Options granted typically expire in 10 years from the grant date. The options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

Share-based compensation expenses related [**REDACTED**] Share Option Plan is based on the grant date fair value of the share options and awards ultimately expected to vest, and is recognized on a straight-line basis over the vesting period of each tranches.

A summary of activities of the share options is presented as follows:

	Number of share options	**Weighted average exercise price** *RMB*	**Weighted average remaining contractual term** *Year*
Outstanding as of January 1, 2023	–	–	–
Granted during the period	[**REDACTED**]	6.67	
Forfeited during the period	[**REDACTED**]	6.67	
Outstanding as of June 30, 2023	[**REDACTED**]	6.67	9.69
Exercisable as of June 30, 2023	–	–	–

Fair value of share options

The fair value of share options was estimated using the binomial option-pricing model. The determination of estimated fair value of share options on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of the Company over the expected term of the awards, projected employee share option exercise behaviors, a risk-free interest rate and expected dividends, if any. The grant date fair values of the share options were determined with the assistance of an independent valuation firm.

Based on fair value of the underlying ordinary shares, the Group has used binomial option-pricing model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	As of grant date
Risk-free interest rates	2.9%
Expected term – years	10
Expected volatility	43.4%
Exercise multiple	2.2-2.8
Fair value of ordinary shares (RMB)	[**REDACTED**]
Exercise price (RMB)	6.67
Expected dividend yield	0.00%

The expected volatility was referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. The valuation was based on the assumption that no dividends will be distributed.

The table below sets forth share-based compensation expenses recognized as staff costs in the consolidated statements of profit or loss for the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
[**REDACTED**] Restricted Share Plan	–	–	–	–	2,568
[**REDACTED**] Share Option Plan	–	–	–	–	11,086
Total	–	–	–	–	13,654

As of June 30, 2023, the Company had received a total cash consideration of RMB4,325,400 of capital contribution from the grantees of [**REDACTED**] Restricted Share Plan, including RMB7 of new share capital and RMB4,325,393 of capital reserve. As the Company has the obligation to repurchase the granted restricted shares under above mentioned conditions, the Company recognizes a liability in full for the repurchase obligation and treats such restricted shares as treasury shares, recorded under the items of "Accrued expenses and other current liabilities" and "Treasury Shares" in the statements of financial position, respectively.

24 CAPITAL AND RESERVES

Movements in components of equity

The changes of each component of the Group's consolidated equity during the Track Record Period is set out in the consolidated statements of changes in equity. Details of changes in the Company's individual components of equity since its date of incorporation to June 30, 2023 are set out below:

	Share capital	**Treasury shares**	**Capital reserve**	**Accumulated loss**	**Total**
	RMB'000	*RMB'000* *Note 23*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as of June 16, 2021 (Date of incorporation), December 31, 2021 and January 1, 2022	1	–	–	–	1
Net loss	–	–	–	(2,132)	(2,132)
Balance as of December 31, 2022 and January 1, 2023	1	–	–	(2,132)	(2,131)
Net loss	–	–	–	(11,800)	(11,800)
Share-based compensation	–	–	13,654	–	13,654
Shares issued under [**REDACTED**] Restricted Share Plan	*	(4,325)	4,325	–	–
Balance as of June 30, 2023	1	(4,325)	17,979	(13,932)	(277)

* less than RMB500.

(a) Share capital

The Company was incorporated in the Cayman Islands in June 2021 with an authorized share capital of USD50,000 divided into 50,000 shares with a par value of USD1.0 each. Upon incorporation, the Company issued 100 ordinary shares.

On February 15, 2023, the Company's issued and unissued 50,000 shares of a par value of USD1.0 each were subdivided into 75,000,000,000 shares with a par value of USD0.00000066667 each. As a result, the issued share capital of the Company became 150,000,000 shares of USD0.00000066667 par value each.

On March 7, 2023, the Company adopted the [**REDACTED**] Restricted Share Plan and granted a total number of 1,620,000 restricted shares with a par value of USD0.00000066667 each to one director and certain employees. As of June 30, 2023, the Company had received the capital contributions.

(b) Nature and purpose of Reserves

(i) Capital reserves

The capital reserves as of January 1, 2020, December 31, 2020 and 2021 represents the paid-in capital of Changjiu Jinfu prior to the completion of Reorganization. As of June 30, 2023, it primarily consisted of share-based compensation and capital premium arising from issuance of restricted shares (see Note 23).

(ii) PRC statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their profit after taxation (after offsetting the losses in the previous years), as determined under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP), to the statutory reserves until the reserve balance reaches 50% of their registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserves fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, provided that the balance after such issue is not less than 25% of the registered capital.

(c) Dividends

No dividends have been declared or paid by the Company during the Track Record Period.

During the years ended December 31, 2020, 2021 and 2022 and six months ended June 30, 2023, Nil, RMB22.0 million, nil and nil were declared and paid by Changjiu Jinfu to its shareholders.

As described in Note 1, deemed distribution amounted to RMB115.2 million and RMB33.1 million for the year ended December 31, 2020 and 2021, respectively, represents the cash transferred to Changjiu Industrial.

(d) 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, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT

Exposure to credit risk, liquidity risk, interest rate risk and foreign exchange risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice 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 credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers having low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

For trade receivables, the Group has policies in place to ensure that provision of service are made to customers with an appropriate credit history. The Group performs credit evaluation on individual customer based on various factors, including but not limited to: duration of business relationship with the customer, its past history of making payment, its current ability to pay and its financial position. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts, such as holding periodic meetings to discuss the status of trade receivables and timely communicating with relevant parties, and taking actions to collect due payments through various ways. Trade receivables collection ratio is also taken into account in the performance review of relevant staffs. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of December 31, 2020, 2021 and 2022 and June 30, 2023, 34%, 34%, 32% and 34% of the total trade receivables was due from the Group's five largest customers.

To measure the expected credit losses ("ECLs") of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the aging. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as of December 31, 2020, 2021 and 2022 and June 30, 2023:

	As of December 31, 2020		
	Weighted average loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
Up to 3 months	0.44%	33,122	145
3 to 6 months	2.02%	4,202	85
6 to 12 months	10.81%	1,656	179
Over 1 year	29.54%	1,977	584
		40,957	993

	As of December 31, 2021		
	Weighted average loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Up to 3 months	0.32%	53,055	172
3 to 6 months	1.43%	4,558	65
6 to 12 months	13.05%	1,625	212
Over 1 year	29.66%	1,524	452
		60,762	901

	As of December 31, 2022		
	Weighted average loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Up to 3 months	0.47%	82,032	384
3 to 6 months	1.84%	11,190	206
6 to 12 months	9.91%	7,862	779
Over 1 year	49.30%(i)	3,148	1,552
		104,232	2,921

	As of June 30, 2023		
	Weighted average loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Up to 3 months	0.66%	98,566	654
3 to 6 months	1.85%	57,382	1,060
6 to 12 months	6.92%	22,251	1,539
Over 1 year	42.79%	8,455	3,618
		186,654	6,871

Expected loss rates are based on actual loss experience over the past recent years since January 1, 2020. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Note (i): Since the credit risk of one customer increased significantly in 2022, the trade receivables due from such customer aged over 1 year as of December 31, 2022 with amount of RMB 0.7 million was individually assessed to be fully impaired. The impairment was made based on the Group's assessment on the deteriorated business and operation performance of such customer.

Movement in the loss allowance account in respect of trade receivables during the year/period is as follows:

	Year ended December 31, 2020	2021	2022	Six months ended June 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as of January 1,	663	993	901	2,921
Losses allowance recognized/(reversed) during the year/period	330	(92)	2,213	3,950
Written off	–	–	(193)	–
Balance as of December 31/June 30	993	901	2,921	6,871

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirement 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 at the end of each of the reporting period of the Group's financial liabilities and lease 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 of December 31, 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 amounts in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	51,932	–	–	–	51,932	50,000
Trade payables	25,741	–	–	–	25,741	25,741
Financial liability included in accrued expenses and other current liabilities	18,923	–	–	–	18,923	18,923
Lease liabilities	247	250	171	–	668	615
	96,843	250	171	–	97,264	95,279

	As of December 31, 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 amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	51,559	–	–	–	51,559	50,000
Trade payables	25,469	–	–	–	25,469	25,469
Financial liability included in accrued expenses and other current liabilities	26,417	–	–	–	26,417	26,417
Lease liabilities	2,500	2,356	65	–	4,921	4,693
	105,945	2,356	65	–	108,366	106,579

	As of December 31, 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 amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	76,751	–	–	–	76,751	75,000
Trade payables	28,507	–	–	–	28,507	28,507
Financial liability included in accrued expenses and other current liabilities	32,635	–	–	–	32,635	32,635
Lease liabilities	6,515	65	–	–	6,580	6,417
	144,408	65	–	–	144,473	142,559

	As of June 30, 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 amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	36,377	–	–	–	36,377	35,000
Trade payables	26,488	–	–	–	26,488	26,488
Financial liability included in accrued expenses and other current liabilities	49,197	–	–	–	49,197	49,197
Lease liabilities	7,609	7,475	–	–	15,084	14,428
	119,671	7,475	–	–	127,146	125,113

(c) Interest rate risk

The Group's interest-bearing financial instruments at variable rates as of December 31, 2020, 2021 and 2022 and June 30, 2023 are the cash at banks, and the cash flow interest risk arising from the change of market interest rate on these balances of relatively short maturity is not considered significant. The Group's majority interest-bearing financial instruments at fixed interest rates as of December 31, 2020, 2021 and 2022 and June 30, 2023 are bank loans and lease liabilities that are measured at amortized cost, and the change of market interest rate does not expose the Group to significant interest risk.

Overall speaking, the Group's exposure to interest rate risk is not significant.

(d) Foreign exchange risk

As of December 31, 2020, 2021 and 2022, the Group is not exposed to significant foreign exchange risk since the Group doesn't have any financial assets or liabilities denominated in currencies other than the functional currencies.

As of June 30, 2023, the Group is exposed to foreign exchange risk primarily from cash and cash equivalents denominated in Hong Kong dollars ("HKD") with amount of RMB4.6 million. The following table indicates the instantaneous change in the Group's profit before taxation that would arise if foreign exchange rates which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	Six months ended June 30, 2023
	RMB'000
5% appreciation of RMB	
(Decrease)/increase in profit before taxation for the period	(228)
5% depreciation of RMB	
Increase/(decrease) in profit before taxation for the period	228

(e) Fair value measurement

The Group does not have any financial instruments measured at fair value as of December 31, 2020, 2021 and 2022 and June 30, 2023.

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

26 RELATED PARTY TRANSACTIONS

The following significant transactions are carried out between the Group and its related parties during the Track Record Period.

(a) Names and relationships with related parties

The following individuals/companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of related parties	Relationship
Mr. Bo Shijiu and Ms. Li Guiping	Ultimate Controlling Shareholders of the Company
Changjiu Industrial (吉林省長久實業集團有限公司)	Entity controlled by Ultimate Controlling Shareholders
Jinjiu Yawei (Tianjin) Financial Leasing Co., Ltd (津久亞威(天津)融資租賃有限公司)	Entity controlled by Ultimate Controlling Shareholders
Derong International Finance Leasing Co., Ltd (德融國際融資租賃有限公司)	Entity controlled by Ultimate Controlling Shareholders
Guangxi Changjiu Vehicle Investment Co., Ltd. and its subsidiaries (廣西長久汽車投資有限公司)	Entities controlled by Ultimate Controlling Shareholders
Lingdong Qiheng Data Technology (Beijing) Co., Ltd (領動啟恒數據科技(北京)有限公司)	Entity controlled by Ms. Li Guiping
Xunruida Technology (Beijing) Co., Ltd (迅睿達科技(北京)有限公司)	Entity controlled by Ultimate Controlling Shareholders

The official names of all entities above are in Chinese. The English names are for identification purpose only.

(b) 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:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances, and benefits in kind	570	934	2,201	1,099	3,145
Discretionary bonuses	144	412	728	364	364
Retirement scheme contributions	3	48	195	96	189
Share-based compensation expenses	–	–	–	–	5,053
Key management personnel remuneration	717	1,394	3,124	1,559	8,751

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

(c) Related parties' transactions

	Note	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022	Six months ended June 30, 2022	Six months ended June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Technology service received from related parties		4,603	222	18,647	5,952	–
Operation service received from related parties		1,686	2,217	1,463	589	1,090
Automobile dealership operation management service provided to related parties		–	–	42,785	12,892	30,281
Pledged vehicle monitoring service provided to related parties	*i*	1,729	9,342	39,033	21,601	19,240
Impairment losses		–	–	1,085	–	–
Lease payment		1,942	2,453	4,205	–	–
Purchase intangible asset from a related party	*ii*	–	–	–	–	5,663
Net change of non-trade related amounts due from related parties		73,549	(8,490)	(114,634)	24,717	(19,914)

Notes

(i): As the rights and obligations under some agreements with some counterparties of the Relevant Business as described in Note 1 have not been transferred to the Group, then Changjiu Industrial entirely and exclusively entrusted such required service under all the above mentioned outstanding agreements with these counterparties to Changjiu Jinfu. Therefore, the related revenue was disclosed as related parties transactions.

(ii): Such purchase is settled by offsetting the amount due from the related party.

(d) Balance with Related parties:

	Note	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022	As of June 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties		148,546	143,673	33,378	20,515
– Trade related	*15*	243	3,860	8,199	15,250
– Non-trade related	*16*	148,303	139,813	25,179	5,265
Amounts due to related parties		1,971	1,301	1,301	2,391
– Trade related	*19, 20*	1,971	1,301	1,301	2,391
Contract Liabilities		–	6,723	5,732	4,031
– Trade related	*4(a)(ii)*	–	6,723	5,732	4,031

The non-trade related amounts due from related parties as of June 30, 2023, which are non-interest bearing and repayable on demand and was settled in November 2023.

(e) Guarantee provided by related party

As disclosed in Note 18, the bank loan of RMB50.0 million, RMB50.0 million and RMB75.0 million as of December 31, 2020, 2021 and 2022, respectively, were guaranteed by Mr. Bo Shijiu, Ms. Li Guiping and Changjiu Industrial. The guarantee was released in April 2023.

27 CAPITAL COMMITMENTS

	As of June 30, 2023 *RMB'000*
Contracted but not provided for in the Historical Financial Information	
Commitments in respect of	
– development/acquisition of intangible assets	14,750

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As of June 30, 2023, the directors consider the immediate parent of the Company to be Advanced Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling parties of the Company to be Mr. Bo Shijiu and Ms. Li Guiping.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR AN ANNUAL PERIOD BEGINNING ON JANUARY 1, 2023

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet for an annual period beginning on January 1, 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 IAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IAS 1, *Classification Of Liabilities as Current or Non-current*	1 January 2024
Amendments IFRS 16, *Lease Liability a Sale and Leaseback*	1 January 2024
Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: disclosures "Supplier finance arrangements"*	1 January 2024
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 10 and IAS 28, *Sales and contribution of Assets between an investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments 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 results of operations and financial position.

30 SUBSEQUENT EVENTS

No significant subsequent events have occurred subsequent to June 30, 2023.

SUBSEQUENT FINANCIAL STATEMENTS

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