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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MARKETINGFORCE MANAGEMENT LTD AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Marketingforce Management Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[79], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[3] to I-[79] 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 the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

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

Yours faithfully,

[●]
Certified Public Accountants
Hong Kong
[**REDACTED**]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	877,231	1,142,776	1,232,120
Cost of services		(399,424)	(582,738)	(525,938)
GROSS PROFIT		477,807	560,038	706,182
Other income and gains	*6*	39,776	47,702	39,904
Selling and distribution expenses		(284,158)	(314,995)	(326,798)
Administrative expenses		(172,032)	(188,931)	(203,892)
Research and development expenses		(160,588)	(224,621)	(210,037)
Fair value changes of convertible redeemable preferred shares	*27*	(122,237)	(61,069)	(107,815)
Other expenses	*9*	(1,998)	(125)	(585)
Impairment for financial assets		(15,191)	(6,496)	(31,143)
Finance costs	*8*	(26,481)	(27,990)	(35,239)
LOSS BEFORE TAX	*7*	(265,102)	(216,487)	(169,423)
Income tax expense	*12*	(7,487)	32	(55)
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		(272,589)	(216,455)	(169,478)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted (RMB)	*14*	(18.16)	(12.88)	(10.08)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
LOSS FOR THE YEAR		(272,589)	(216,455)	(169,478)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods				
– Change in fair value of financial assets at fair value through other comprehensive income	*22*	–	(21)	13
– Exchange differences on translation of foreign operations		(174)	(43,541)	(9,381)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods				
– Exchange differences on translation of the Company		5,356	(45,568)	(10,334)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		5,182	(89,130)	(19,702)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		(267,407)	(305,585)	(189,180)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	110,109	121,422	93,353
Right-of-use assets	16	155,414	172,663	115,316
Intangible assets	17	5,092	3,761	2,884
Prepayments, other receivables and other assets	21	7,995	14,994	17,459
Deferred tax assets	19	23	55	–
Contract acquisition costs	5	364	1,108	1,390
Total non-current assets		278,997	314,003	230,402
CURRENT ASSETS				
Trade and bills receivables	20	174,218	130,886	112,663
Contract acquisition costs	5	19,790	14,314	38,406
Prepayments, other receivables and other assets	21	1,114,108	1,399,852	1,711,324
Financial assets at fair value through other comprehensive income	22	–	2,055	1,602
Tax recoverable		8,306	2,707	–
Restricted cash	23	–	9,109	20,481
Short-term bank deposits	23	–	–	50,000
Cash and cash equivalents	23	215,658	203,506	138,022
Total current assets		1,532,080	1,762,429	2,072,498
CURRENT LIABILITIES				
Trade payables	24	15,568	43,669	50,950
Other payables and accruals	25	213,642	581,544	612,701
Interest-bearing bank and other borrowings	26	507,432	412,878	619,812
Lease liabilities	16	43,248	71,358	54,304
Contract liabilities	5	357,793	418,848	509,788
Tax payable		4,358	7	7
Convertible redeemable preferred shares	27	–	–	1,223,789
Other current liabilities	28	24,231	28,656	32,894
Total current liabilities		1,166,272	1,556,960	3,104,245
NET CURRENT ASSETS/(LIABILITIES)		365,808	205,469	(1,031,747)
TOTAL ASSETS LESS CURRENT LIABILITIES		644,805	519,472	(801,345)
NON-CURRENT LIABILITIES				
Lease liabilities	16	126,277	136,597	89,643
Other payables and accruals	25	1,428	1,575	3,370
Contract liabilities	5	57,296	64,718	66,337
Convertible redeemable preferred shares	27	942,483	1,096,475	–
Deferred tax liabilities	19	7	–	–
Total non-current liabilities		1,127,491	1,299,365	159,350
Net liabilities		(482,686)	(779,893)	(960,695)
EQUITY				
Equity attributable to owners of the Company				
Share capital	29	1	1	1
Other reserves	30	(482,687)	(779,894)	(960,696)
Deficiency in assets		(482,686)	(779,893)	(960,695)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Notes	**Share capital**	**Capital reserve***	**Share-based payment reserve***	**Statutory reserve***	**Foreign currency translation reserve***	**Accumulated losses***	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021		–	27,600	21,992	5,076	(357)	(27,594)	26,717
Loss for the year		–	–	–	–	–	(272,589)	(272,589)
Other comprehensive loss for the year:								
– Exchange differences on translation		–	–	–	–	5,182	–	5,182
Total comprehensive loss for the year		–	–	–	–	5,182	(272,589)	(267,407)
Equity-settled share option arrangements	*31*	–	–	7,952	–	–	–	7,952
Issue of shares	*29*	1	–	–	–	–	–	1
Transfer to convertible redeemable preferred shares***	*27*	–	(249,949)	–	–	–	–	(249,949)
Transfer to statutory reserve**		–	–	–	137	–	(137)	–
As at 31 December 2021		1	(222,349)	29,944	5,213	4,825	(300,320)	(482,686)

		Attributable to owners of the Company							
	Notes	**Share capital**	**Capital reserve***	**Share-based payment reserve***	**Fair value reserve***	**Statutory reserve***	**Foreign currency translation reserve***	**Accumulated losses***	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021 and 1 January 2022		1	(222,349)	29,944	–	5,213	4,825	(300,320)	(482,686)
Loss for the year		–	–	–	–	–	–	(216,455)	(216,455)
Other comprehensive loss for the year:									
– Change in fair value of financial assets at fair value through other comprehensive income	*22*	–	–	–	(21)	–	–	–	(21)
– Exchange differences on translation		–	–	–	–	–	(89,109)	–	(89,109)
Total comprehensive loss for the year		–	–	–	(21)	–	(89,109)	(216,455)	(305,585)
Equity-settled share option arrangements	*31*	–	–	8,378	–	–	–	–	8,378
As at 31 December 2022		1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)

		Attributable to owners of the Company							
	Notes	Share capital	Capital reserve*	Share-based payment reserve*	Fair value reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022 and 1 January 2023		1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)
Loss for the year		–	–	–	–	–	–	(169,478)	(169,478)
Other comprehensive loss for the year:									
– Change in fair value of financial assets at fair value through other comprehensive income	*22*	–	–	–	13	–	–	–	13
– Exchange differences on translation		–	–	–	–	–	(19,715)	–	(19,715)
Total comprehensive loss for the year		–	–	–	13	–	(19,715)	(169,478)	(189,180)
Equity-settled share option arrangements	*31*	–	–	8,378	–	–	–	–	8,378
Transfer to statutory reserve**		–	–	–	–	4,345	–	(4,345)	–
As at 31 December 2023		1	(222,349)	46,700	(8)	9,558	(103,999)	(690,598)	(960,695)

* These reserve accounts comprise the consolidated reserves of RMB(482,687,000), RMB(779,894,000) and RMB(960,696,000) in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, respectively.

** In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), these subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional registered capital of the subsidiaries.

*** Pursuant to the Reorganization in 2021, the Group repurchased the redeemable preferred capital of Shanghai Trueland and replaced with the convertible redeemable preferred shares of the Company. At the same time, Mr. Zhao Xulong transferred a portion of his ordinary shares to another investor, which were then redesignated as convertible redeemable preferred shares. Details of the replacement of redeemable preferred capital and the redesignation of ordinary shares are set out in notes 27 and 29, respectively, to the Historical Financial Information. The convertible redeemable preferred shares are measured at fair value through profit or loss. As the transfer to convertible redeemable preferred shares as part of the Reorganization is a transaction with the Company's shareholders in their capacity as shareholders, no gain or loss shall be recognized. Therefore, the difference between the carrying amount of redeemable preferred capital and the fair value of the convertible redeemable preferred shares in the amount of RMB58,677,000 and the difference between the carrying amount of the ordinary shares transferred by Mr. Zhao Xulong and the fair value of the convertible redeemable preferred shares in the amount of RMB191,272,000 were reflected as capital reserve in the consolidated statements of changes in equity. See "History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[**REDACTED**] Investments" in the Document for details.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2021	2022	2023
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(265,102)	(216,487)	(169,423)
Adjustments for:				
Depreciation of items of property, plant and equipment	15	26,715	36,865	41,093
Amortization of intangible assets	17	2,666	1,760	1,800
Depreciation of right-of-use assets	16	35,670	54,042	55,914
Recognition of equity-settled share-based payments	31	7,952	8,378	8,378
Losses on disposal of items of property, plant and equipment	9	132	125	30
Gains on disposal of right-of-use assets and lease liabilities	6	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	6	–	–	(281)
Impairment for financial assets	7	15,191	6,496	31,143
Fair value changes of convertible redeemable preferred shares	27	122,237	61,069	107,815
Finance costs	8	26,481	27,990	35,239
Bank interest income	6	(526)	(1,109)	(1,048)
Net foreign exchange losses/(gains)	6&9	1,422	(971)	60
Write-off of tax recoverable		–	–	2,707
Increase in restricted cash		–	(9,109)	(11,372)
Increase in trade and bills receivables		(56,156)	(75,442)	(896)
Increase in prepayments, other receivables and other assets		(519,737)	(298,125)	(339,512)
Decrease/(increase) in contract acquisition costs		365	4,732	(24,374)
(Decrease)/increase in trade payables		(12,403)	28,100	7,281
(Decrease)/increase in other payables and accruals		(91,653)	363,524	36,055
(Increase)/decrease in financial assets at fair value through other comprehensive income		–	(2,076)	466
Increase in contract liabilities		233,834	68,477	92,559
Increase in other current liabilities		14,621	4,425	4,238
Cash (used in)/generated from operations		(458,304)	62,456	(122,552)
Interest received		526	1,109	1,048
Income tax (paid)/returned		(12,020)	1,241	–
Net cash flows (used in)/from operating activities		(469,798)	64,806	(121,504)

		Year ended 31 December		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of property, plant and equipment		–	165	514
Purchase of intangible assets		(589)	(693)	(939)
Purchases of items of property, plant and equipment		(69,429)	(39,048)	(15,676)
Placement of short-term bank deposits		–	–	(50,000)
Net cash flows used in investing activities		(70,018)	(39,576)	(66,101)
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease payments	*32*	(31,533)	(45,317)	(73,220)
Borrowings from related parties	*34*	8,000	35,500	–
Repayment of borrowings from related parties	*34*	(8,000)	(35,500)	–
Proceeds from interest-bearing bank and other borrowings		601,816	516,850	1,019,000
Repayment of interest-bearing bank borrowings		(276,360)	(496,600)	(800,000)
Interest paid		(10,866)	(15,013)	(23,305)
Payments of [**REDACTED**] expense		–	–	[**REDACTED**]
Proceeds from issue of preferred shares	*27*	524,732	–	–
Repayment of redeemable preferred capital	*32*	(128,560)	–	–
Net cash flows from/(used in) financing activities		679,229	(40,080)	[**REDACTED**]
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		139,413	(14,850)	(65,684)
Cash and cash equivalents at beginning of year		76,816	215,658	203,506
Effect of foreign exchange rate changes, net		(571)	2,698	200
CASH AND CASH EQUIVALENTS AT END OF YEAR		215,658	203,506	138,022
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*23*	215,658	212,615	208,503
Less: Short-term bank deposits	*23*	–	–	(50,000)
Less: Restricted cash	*23*	–	(9,109)	(20,481)
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND CONSOLIDATED STATEMENTS OF CASH FLOWS	*23*	215,658	203,506	138,022

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*18*	516,094	567,873	577,502
Total non-current assets		516,094	567,873	577,502
CURRENT ASSETS				
Prepayments, other receivables and other assets	*21*	31,249	41,641	47,844
Cash and cash equivalents	*23*	3,983	70	257
Total current assets		35,232	41,711	48,101
CURRENT LIABILITIES				
Other payables and accruals	*25*	2,656	17,834	42,478
Convertible redeemable preferred shares	*27*	–	–	1,223,789
Total current liabilities		2,656	17,834	1,266,267
NET CURRENT ASSETS/(LIABILITIES)		32,576	23,877	(1,218,166)
TOTAL ASSETS LESS CURRENT LIABILITIES		548,670	591,750	(640,664)
NON-CURRENT LIABILITIES				
Convertible redeemable preferred shares	*27*	942,483	1,096,475	–
Total non-current liabilities		942,483	1,096,475	–
NET LIABILITIES		(393,813)	(504,725)	(640,664)
EQUITY				
Share capital	*29*	1	1	1
Reserves	*30*	(393,814)	(504,726)	(640,665)
DEFICIENCY IN ASSETS		(393,813)	(504,725)	(640,664)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 23 February 2021. The registered office address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of SaaS business, which provides cloud-based sales service, and precision marketing services, which provides marketing solutions in the PRC.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the section headed "History, Reorganization and Corporate Development" in the Document.

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

Name*	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Marketingforce (HongKong) Ltd. ("Marketingforce HongKong")	*f*	Hong Kong 17 March 2021	HKD1	100%	–	Investment holding
American Kaililong International Holding (H.K.) Ltd. ("American Kaililong")	*b*	Hong Kong 26 March 2009	HKD10,000	100%	–	Marketing and sales services
邁富時網絡技術(上海)有限公司 Marketingforce Network Technology (Shanghai) Co., Ltd. ("Marketingforce Network Technology")	*a*	PRC/Mainland China 20 April 2021	USD100,000,000	–	100%	Investment holding
珍島信息技術(上海)股份有限公司 Trueland Information Technology (Shanghai) Co., Ltd. ("Shanghai Trueland")	*a*	PRC/Mainland China 25 September 2009	RMB27,600,000	–	100%	Marketing and sales services
無錫珍島數字生態服務平台技術有限公司 Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. ("Wuxi Trueland")	*c*	PRC/Mainland China 20 May 2014	RMB10,000,000	–	100%	Marketing and sales services
無錫珍島智能技術有限公司 Wuxi Trueland Intelligence Technology Co., Ltd. ("Wuxi Trueland Intelligence")	*c*	PRC/Mainland China 18 October 2019	RMB10,000,000	–	100%	Marketing and sales services
上海珍島智能技術集團有限公司 Shanghai Trueland Intelligence Technology Group Co., Ltd. ("Shanghai Trueland Intelligence")	*e*	PRC/Mainland China 28 May 2020	RMB100,000,000	–	100%	Marketing and sales services

Name*	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
上海珍島網絡科技有限公司 Shanghai Trueland Network Science & Technology Co., Ltd. ("Shanghai Trueland Network")	*a*	PRC/Mainland China 28 December 2015	RMB50,000,000	–	100%	Marketing and sales services
珍島數字科技(上海)有限公司 Trueland Digital Technology (Shanghai) Co., Ltd. ("Trueland Digital") (曾用名:上海珍島雲計算科技有限公司) (Former Name: Shanghai Trueland Cloud Computing Technology Co., Ltd.)	*a*	PRC/Mainland China 28 December 2015	RMB100,000,000	–	100%	Marketing and sales services
上海洞察力數字科技集團有限公司 Shanghai Dongchali Digital Technology Group Co., Ltd. ("Shanghai Insight") (曾用名:上海洞察力軟件信息科技有限公司) (Former Name: Shanghai Dongchali Software Information Technology Co., Ltd.)	*a*	PRC/Mainland China 24 May 2011	RMB100,000,000	–	100%	Marketing and sales services
成都珍島信息技術有限公司 Chengdu Trueland Information Technology Co., Ltd. ("Chengdu Trueland")	*a*	PRC/Mainland China 14 September 2015	RMB2,000,000	–	100%	Marketing and sales services
廣東珍島信息技術有限公司 Guangdong Trueland Information Technology Co., Ltd. ("Guangdong Trueland") (曾用名:深圳市珍島信息技術有限公司) (Former Name: Shenzhen Trueland Information Technology Co., Ltd.)	*d*	PRC/Mainland China 29 January 2015	RMB10,000,000	–	100%	Marketing and sales services
杭州珍島信息技術有限公司 Hangzhou Trueland Information Technology Co., Ltd. ("Hangzhou Trueland")	*a*	PRC/Mainland China 24 February 2016	RMB1,000,000	–	100%	Marketing and sales services
溫州珍島信息技術有限公司 Wenzhou Trueland Information Technology Co., Ltd. ("Wenzhou Trueland")	*a*	PRC/Mainland China 17 February 2016	RMB2,000,000	–	100%	Marketing and sales services
寧波珍島信息技術有限公司 Ningbo Trueland Information Technology Co., Ltd. ("Ningbo Trueland")	*a*	PRC/Mainland China 9 September 2015	RMB2,000,000	–	100%	Marketing and sales services
蘇州珍島信息技術有限公司 Suzhou Trueland Information Technology Co., Ltd. ("Suzhou Trueland")	*a*	PRC/Mainland China 20 January 2016	RMB1,000,000	–	100%	Marketing and sales services

Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
金華市珍島信息技術有限公司 Jinhua Trueland Information Technology Co., Ltd. ("Jinhua Trueland")	*a*	PRC/Mainland China 2 March 2020	RMB1,000,000	–	100%	Marketing and sales services
中山珍島信息技術有限公司 Zhongshan Trueland Information Technology Co., Ltd. ("Zhongshan Trueland")	*a*	PRC/Mainland China 1 April 2020	RMB1,000,000	–	100%	Marketing and sales services
台州珍島信息技術有限公司 Taizhou Trueland Information Technology Co., Ltd. ("Taizhou Trueland")	*a*	PRC/Mainland China 2 April 2020	RMB1,000,000	–	100%	Marketing and sales services
凱麗隆(上海)軟件信息科技有限公司 Kaililong (Shanghai) Information Technology Co., Ltd. ("Shanghai Kaililong")	*a*	PRC/Mainland China 16 May 2011	RMB10,000,000	–	100%	Marketing and sales services
上海凱麗隆大數據科技集團有限公司 Shanghai Kaililong Big Data Technology Group Co., Ltd. ("Shanghai Kaililong Big Data")	*a*	PRC/Mainland China 28 May 2020	RMB50,000,000	–	100%	Marketing and sales services
凱麗隆(廣州)信息科技有限公司 Kaililong (Guangzhou) Information Technology Co., Ltd. ("Guangzhou Kaililong")	*a*	PRC/Mainland China 3 March 2016	RMB1,000,000	–	100%	Marketing and sales services
無錫凱麗隆廣告科技有限公司 Wuxi Kaililong Advertising Technology Co., Ltd. ("Wuxi Kaililong")	*a*	PRC/Mainland China 26 December 2017	RMB10,000,000	–	100%	Marketing and sales services
Kaililong International Holding (H.K) Limited ("Hongkong Kaililong")	*b*	Hong Kong 29 August 2018	HKD1,000,000	100%	–	Marketing and sales services
上海天貝信息技術有限公司 Shanghai Tianbei Information Technology Co., Ltd. ("Shanghai Tianbei")	*a*	PRC/Mainland China 15 October 2021	RMB30,000,000	–	100%	Marketing and sales services
湖北省珍島數字智能科技有限公司 Hubei Trueland Digital Intelligent Technology Co., Ltd. ("Hubei Trueland")	*g*	PRC/Mainland China 1 March 2022	RMB100,000,000	–	100%	Marketing and sales services

Notes:

(a) There were no audited financial statements prepared for these entities.

(b) The financial statements of these entities for the year ended 31 December 2021 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by FU HEI KIT, Certified Public Accountant (Practising) (符氣杰執業會計師). And the financial statements of these entities for the year ended 31 December 2022 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by Shine Wise & Co. CPA (晟睿會計師事務所). No audited statutory financial statements have been prepared for the year ended 31 December 2023.

(c) The statutory financial statements of these entities for the years ended 31 December 2021 and 2022 prepared in accordance with PRC GAAP were audited by Wuxi Liangxi Certified Public Accountants Co., Ltd. (無錫梁溪會計師事務所有限公司). No audited statutory financial statements have been prepared for the year ended 31 December 2023.

(d) The statutory financial statements of Guangdong Trueland for the years ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shenzhen Zhuxin Certified Public Accountants Co., Ltd. (深圳市鑄信會計師事務所(普通合夥)). No audited statutory financial statements have been prepared for the years ended 31 December 2021 and 2023.

(e) The statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2021 prepared in accordance with PRC GAAP were audited by Shanghai Huihong Certified Public Accountants Co., Ltd. (上海匯洪會計師事務所有限公司). And the statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shanghai Honghua Certified Public Accountants Co., Ltd. (上海宏華會計師事務所有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.

(f) The financial statements of Marketingforce HongKong for the years ended 31 December 2021 and 2022 prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by DAVE KWOK & Co. Certified Public Accountants (郭嘯南會計師事務所). No statutory audited financial statements have been prepared for the year ended 31 December 2023.

(g) The statutory financial statements of Hubei Trueland for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Hubei Haixin Certified Public Accountants Co., Ltd. (湖北海信會計師事務有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.

* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the paragraph headed "History, Reorganization and Corporate Development" in the Document, the Company became the holding company of the companies now comprising the Group on 8 September 2021.

The Group provides certain value-added telecommunications services business which is subject to foreign investment prohibition and restriction in Mainland China. A wholly owned subsidiary of the Company, Marketingforce Network Technology ("WFOE"), has entered into contractual arrangements ("Contractual Arrangements") with Shanghai Trueland and their respective registered equity holders. The Contractual Arrangements enable the WFOE to exercise effective control over Shanghai Trueland and obtain substantially all economic benefits of Shanghai Trueland. Accordingly, Shanghai Trueland is controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Shanghai Trueland. Details of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangement" in the Document.

As such, on 8 September 2021, the Company became the holding company of the companies now comprising the Group. The Reorganization has been arranged in a way that enables the then shareholders to maintain their respective beneficial ownership interests in Shanghai Trueland and its subsidiaries in the same manner before and after the Reorganization. Accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Relevant Periods. As such, the assets and liabilities of Shanghai Trueland and its subsidiaries have been included in the Historical Financial Information with existing book values. The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganization had been in existence throughout the Relevant Periods or since their respective dates of incorporation/establishment, where this is a shorter period.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI") which have been measured at fair value.

Notwithstanding that the Group and the Company recorded net liabilities of RMB960,695,000 and RMB640,664,000, net current liabilities of RMB1,031,747,000 and RMB1,218,166,000, respectively as at 31 December 2023, primarily due to the convertible redeemable preferred shares, the Historical Financial Information has been prepared on a going concern basis.

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a [**REDACTED**] is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure. Due to the change on the redemption rights, the directors of the Company believe that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report. Excluding the effects of the convertible redeemable preferred shares, the Group and the Company recorded net current assets of RMB192,042,000 and RMB5,623,000, respectively as at 31 December 2023. The directors of the Company are of the opinion that the Group and the Company will have sufficient working capital, taking into account, inter alia, the historical financial performance and the available financial resources, to meet their financial liabilities and obligations as and when they fall due and to sustain their operations for the next 12 months from 31 December 2023.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025.

3 No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. Up to now, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Fair value measurement

The Group measures certain of its financial instruments at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

Or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Office equipment	19%
Furniture and fixtures	19%
Motor vehicles	19%
Leasehold improvements	The shorter of remaining lease terms and the estimated useful live of 5–7 years

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The principal annual rate used for this purpose is as follows:

Software	10%-20%

Research and development costs

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

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	1 year-6 years

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

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases is recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. Debt investments graded in the top investment categories (Very Good and Good) by the Credit Rating Agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Credit Rating Agency both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, convertible redeemable preferred shares, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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.

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) SaaS business

SaaS business revenue primarily generates from a variety of cloud-based marketing and sales solutions. Revenue is generally recognized over time on a ratable basis over the contract term beginning from the date when cloud is accessible to the customer. SaaS business is provided to customers directly, including those sold directly by the Group and through channel partners. The Group is responsible to deliver the cloud-based software and ensure the customers have the right to access the cloud-based software in a stable way.

The channel partners work as the agents and have the contractual obligation to follow the Group's pricing guidance and have no significant performance obligation towards the customers. Therefore the Group is the principal and recognizes revenue at the gross amount billed to the customers by the channel partners. The difference between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by the Group is recognized as contract acquisition cost. Contract acquisition costs are charged to selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

The Group develops and sells customized self-hosted software. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the customized software as well as control the customized software until the software was delivered to the customer. The customized software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until customized software transfer to customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

The Group recognizes an asset in relation to costs to fulfil its customized software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customized software is passed to the customer and the revenue is recognized.

(b) Precision marketing services

The Group generates revenue from marketing solutions for advertising in a range of industries on media platforms. Precision marketing services include online advertisement solution services and online advertisement distribution services. Under each particular contract with customers, the Group is acting as a principal or an agent in the specific transactions. In determining whether the Group is acting as a principal or as an agent under the contract, management is required to take into account all relevant factors when making the judgement and evaluation, which are (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before or after the specified service or control has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified service. Specifically, for online advertisement solution service, the Group acts as the principal of these arrangements, correspondingly recognizes revenue on a gross basis; while for online advertisement distribution service, the Group acts as the agent and recognizes revenue on a net basis.

(1) Online advertisement solution services

The Group provides one-stop cross-media mobile marketing solutions by designing, producing, launching, monitoring and optimizing their advertisement campaigns, with strategic focus on top media platforms. The Group charges the customers mainly based on Cost Per Mille ("CPM") and Cost Per Click ("CPC"), which is subject to downward adjustments when the unit costs of advertising exceeded the committed levels. Revenue is recognized at a point in time when the customer benefits from the services.

While none of the factors individually are considered presumptive or determinative, in these arrangements the Group is the principal and responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified integrated services to the advertisers and committed not to exceed the unit costs of advertising as agreed with the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic from media platforms cannot be compensated by the total consideration received from the advertisers; (iii) performing all the billing and collection activities based on prices negotiated by the Group with the advertisers; and (iv) taking responsibility for the advertising content that the Group produced and placed with media platforms. The Group controls the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognizes revenue earned and costs incurred related to these transactions on gross basis. Under these arrangements, the rebates obtained from the media platforms are recorded as reduction of cost of sales. Rebates offered to the advertisers are recognized as deduction of revenue.

(2) Online advertisement distribution services

The Group provides traffic acquisition service to distribute the advertisements produced by the advertisers or the Group. The advertisements are published on the targeted media platforms as determined by the customers. Besides, the Group provides advertisements account charging service to customers upon the request from customers. Revenue is recognized at a point in time when the distribution of advertisements and charging of advertisement accounts are completed.

The Group is not the principal in this arrangement as the Group does not control the specified service (i.e., the traffic) before that service is delivered to the customer, because (i) it is the targeted media platform, rather than the Group, who is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than the Group, and the Group did not commit to acquire the traffic before transferring to the customers. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, rebates granted by the media platforms are recorded as revenue in the consolidated statements of profit or loss. Rebates offered to the advertisers are recognized as a deduction of revenue.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Contract liabilities

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

Contract acquisition costs

Contract acquisition cost is recognized as an asset when the channel partners of the SaaS business secure contracts on behalf of the Group and the cost is expected to be recovered. It is amortized and charged to selling and distribution expenses on a ratable basis which is in line with the pattern of revenue recognition.

Share-based payments

The Company operates a share incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method and back-solve method, further details of which are given in note 31 to the Historical Financial Information.

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

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

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

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

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

Other Employee benefits

Pension scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, the United States dollar ("USD"). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

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

The functional currencies of the Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Contractual arrangements

Shanghai Trueland provides value-added telecommunications services to customers. Due to regulatory prohibition and restriction on foreign ownership in providing value-added telecommunications services in the PRC, as disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over Shanghai Trueland and enjoys all economic benefits of Shanghai Trueland through the Contractual Arrangements.

The Group considers that it controls Shanghai Trueland, notwithstanding the fact that it does not hold a direct equity interest in Shanghai Trueland, as it has power over the financial and operating policies of Shanghai Trueland and receives substantially all of the economic benefits from the business activities of Shanghai Trueland through the Contractual Arrangements. Accordingly, Shanghai Trueland has been accounted for as a subsidiary during the Relevant Periods.

Principal versus agent considerations – revenue from provision of precision marketing services

In determining whether the Group is acting as a principal or as an agent in the provision of precision marketing services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The Group considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstance. The Group reported online advertisement solution services on a gross basis and reported online advertisement distribution services on a net basis.

Estimation uncertainty

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

Share-based payments

The Group has set up employee incentive platforms for the Company's directors and the Group's employees. The fair value of the restricted shares is determined by the discounted cash flow method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability ("DLOM"), discount rate and volatility, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are contained in note 31 to the Historical Financial Information.

Variable consideration for rebates earned from media platforms

Media platforms may grant the Group rebates in various forms. The Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where the Group acts as agent). The rebates earned by the Group from media platforms come with a variety of structures and rates, which are primarily determined based on the contract terms with these media platforms, their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media platforms.

The Group accrues rebates from media platforms based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

Leases – Estimating the incremental borrowing rate

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

Financial liabilities measured at fair value through profit or losses

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the discounted cash flow method, the back-solve method and equity allocation model. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 27 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognized for all accumulated tax losses and deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

Provision for expected credit losses on receivables

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns.

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

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 15, 16 and 17 to the Historical Financial Information, respectively. In the opinion of the directors, no provision for impairment is required for non-financial assets as at the end of each of the Relevant Periods. In accordance with the management's estimation, the recoverable amount of non-financial assets has been determined on the basis of value in use by estimating future pre-tax cash flows using key assumptions including budgeted gross margins, revenue growth rates and discount rates. The budgeted gross margins used in the impairment testing were determined by the management on the basis of past performance and its expectation for market development of the SaaS business and precision marketing services. The expected revenue growth rates are based on the business plan approved by the Company. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. Based on the result of the assessment, the directors are of the view that the carrying amount of non-financial assets does not exceed the recoverable amount and thus no provision for impairment is required for non-financial assets as at the end of each of the Relevant Periods.

4. SEGMENT INFORMATION

Operating segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of SaaS business and precision marketing services in Mainland China. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment, mainly based on segment revenue and segment gross profit. The segment gross profit is calculated as segment revenue minus segment cost of services. Cost of services for SaaS business segment primarily comprised of employee benefit expenses and other direct services costs. Cost of services for precision marketing service segment primarily comprised of traffic purchase cost.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the Historical Financial Information. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	SaaS business	**Precision marketing service**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2021			
Segment revenue	438,642	438,589	877,231
Segment cost of services	43,550	355,874	399,424
Gross profit	395,092	82,715	477,807
Year ended 31 December 2022			
Segment revenue	529,877	612,899	1,142,776
Segment cost of services	57,192	525,546	582,738
Gross profit	472,685	87,353	560,038
Year ended 31 December 2023			
Segment revenue	702,378	529,742	1,232,120
Segment cost of services	86,223	439,715	525,938
Gross profit	616,155	90,027	706,182

Geographical information

Since almost all of the Group's non-current assets were located in Mainland China and almost all of the revenue of the Group is derived from operations in Mainland China during the Relevant Periods, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during each of the Relevant Periods are set out below:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	109,720	N/A*	N/A*
Customer B	N/A*	129,009	142,781
Customer C	96,169	279,792	302,252
Customer D	N/A*	N/A*	N/A*
Customer E	N/A*	120,274	N/A*

* The corresponding revenue of the customer is not disclosed as the amount did not individually account for 10% or more of the Group's revenue for the Relevant Periods.

5. REVENUE

An analysis of revenue is as follows:

(a) Disaggregated revenue information

Types of services

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Precision marketing service	438,589	612,899	529,742
SaaS business	438,642	529,877	702,378
	877,231	1,142,776	1,232,120

Timing of revenue recognition

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Precision marketing service			
At a point in time	438,589	612,899	529,742
SaaS business			
At a point in time	6,203	5,764	14,927
Over time	432,439	524,113	687,451
	877,231	1,142,776	1,232,120

(b) Performance obligations

Information about the Group's performance obligations are summarized below:

SaaS business

For SaaS service, the performance obligation is mainly satisfied over the contractual term starting from the date when the customer has access to one or more of the cloud applications. For services that are recognized at a point in time, they are recognized when the services are completed. The Group applies both credit policy and advance payments policy to the customers.

For customized software development project, the performance obligation is satisfied after the software is delivered and accepted by the customer and payment is generally due within 30 days from the billing date, except that certain percentage of contract sum is required to be prepaid by the customer.

Precision marketing service

The performance obligation is satisfied on benefiting from the services, advertisements distributing or advertisement accounts charging. The performance obligation is satisfied when the customer benefits from the services or the distribution of advertisements and charging of advertisement accounts are completed. The Group provides the recognized and creditworthy third parties with specific credit terms throughout precision marketing service arrangements.

(c) Revenue recognized in relation to contract liabilities

The Group recognized the following revenue-related contract liabilities:

	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	181,254	415,089	483,566	576,125

The Group tightens the advance payments policy requiring the customers to pay upfront as a result of the business growth, which contributes the corresponding increase of contract liabilities.

The following table shows the amounts of revenue recognized during the Relevant Periods that were included in the contract liabilities at the beginning of the reporting periods.

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the reporting period:			
Precision marketing service	15,170	8,128	2,602
SaaS business	139,314	349,665	416,246
	154,484	357,793	418,848

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the amounts disclosed below do not include variable consideration which is constrained:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Expected to be satisfied			
within 1 year	357,793	418,848	509,788
over 1 year*	57,296	64,718	66,337
Contract liabilities	415,089	483,566	576,125

* The Group expects the remaining performance obligations will be mainly satisfied in 1 to 2 years.

(d) Assets recognized from incremental costs to obtain a contract

The Group has recognized the following assets related to contracts with customers:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract acquisition costs (current)	19,790	14,314	38,406
Contract acquisition costs (non-current)	364	1,108	1,390
	20,154	15,422	39,796

The Group has recognized assets in relation to incremental costs to acquire the SaaS business offering contracts. This is presented within "Contract acquisition costs" in the consolidated statements of financial position.

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amortization recognized as selling expenses related to SaaS business during the year	20,185	19,790	14,314

(e) Assets recognized from incremental costs to fulfil a contract

The Group has also recognized the following assets in relation to costs to fulfil its customized software development contracts. This is presented within "Prepayments, other receivables and other assets" in the consolidated statements of financial position.

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment costs (current)	–	–	6,663

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Additional deductible input VAT*	32,525	33,239	25,332
Government grants**	6,650	11,947	12,727
Bank interest income	526	1,109	1,048
Gains on disposal of right-of-use assets and lease liabilities	13	208	424
Gains on modification of right-of-use assets and lease liabilities	–	–	281
Foreign exchange gains, net	–	971	–
Others	62	228	92
	39,776	47,702	39,904

* Amount represents additional VAT deduction allowed under the PRC tax law, generated from SaaS business and precision marketing services. There are no unfulfilled condition or contingencies relating to these grants.

** Government grants received during the Relevant Periods primarily comprised the financial subsidies received from various local government authorities in the Mainland China. There are no unfulfilled conditions or contingencies relating to these incomes.

7. LOSS BEFORE TAX

The Group's loss before tax is as follows:

	Notes	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Cost of services rendered (excluding those included in employee benefit expense and depreciation)		382,792	558,201	500,619
Depreciation of items of property, plant and equipment	*15*	26,715	36,865	41,093
Depreciation of right-of-use assets	*16*	35,670	54,042	55,914
Amortization of intangible assets	*17*	2,666	1,760	1,800
Research and development expenses (excluding amortization, depreciation and employee benefit expense)		24,298	25,763	32,432
Lease expenses not included in the measurement of lease liabilities	*16*	1,332	1,737	1,769
Auditor's remuneration		1,107	494	194
Fair value loss on convertible redeemable preferred shares	*27*	122,237	61,069	107,815
[**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Employee benefit expense (including directors' remuneration *(note 10)*):				
–Salaries, allowances and benefits in kind		357,320	444,314	411,058
–Pension scheme contributions (defined contribution scheme)*		35,316	49,926	45,537
–Share-based payment compensation	*31*	7,952	8,378	8,378
Net foreign exchange losses/(gains)	*6&9*	1,422	(971)	60
Impairment for financial assets		15,191	6,496	31,143
Additional deductible input VAT	*6*	(32,525)	(33,239)	(25,332)
Government grants	*6*	(6,650)	(11,947)	(12,727)
Bank interest income	*6*	(526)	(1,109)	(1,048)
Gains on disposal of right-of-use assets and lease liabilities	*16*	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	*16*	–	–	(281)
Losses on disposal of items of property, plant and equipment, net	*9*	132	125	30

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

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000
Interest on interest-bearing bank and other borrowings	11,019	15,326	23,889
Interest on redeemable preferred capital	8,004	–	–
Interest on lease liabilities	7,458	12,664	11,350
	26,481	27,990	35,239

9. OTHER EXPENSES

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Losses on disposal of items of property, plant and equipment	132	125	30
Foreign exchange losses, net	1,422	–	60
Others	444	–	495
	1,998	125	585

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to the directors and chief executive of the Company (including the remuneration for services as chief executives and directors of the group entities prior to becoming the directors of the Company) during the Relevant Periods are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Fees	150	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,595	1,429	4,923
Pension scheme contributions	71	71	136
Share-based payment compensation	517	258	2,066
Total directors' remuneration	2,333	1,758	7,125

During the Relevant Periods, incentives were granted to directors of the Company in respect of their services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such share incentive awards, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods is set out in the above directors' remuneration disclosures.

	Fee	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Share-based payment compensation**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive directors					
Mr. Zhao Xulong (a)	–	1,264	57	–	1,321
Mr. Xu Jiankang (c)	–	331	14	517	862
	–	1,595	71	517	2,183

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Zhou Weiqing (e)	–	–	–	–	–
Mr. Qin Ci (d)	50	–	–	–	50
Mr. Yang Tao (d)	50	–	–	–	50
Mr. Li Jiyou (d)	50	–	–	–	50
	150	–	–	–	150
	150	1,595	71	517	2,333

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Executive directors					
Mr. Zhao Xulong (a)	–	1,271	63	–	1,334
Mr. Xu Jiankang (c)	–	158	8	258	424
	–	1,429	71	258	1,758
Non-executive directors					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	1,429	71	258	1,758

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Executive directors					
Mr. Zhao Xulong (a)	–	3,075	68	–	3,143
Mr. Xu Jiankang (c)	–	1,848	68	2,066	3,982
	–	4,923	136	2,066	7,125

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	4,923	136	2,066	7,125

(a) Mr. Zhao Xulong was appointed as the chief executive officer of Shanghai Trueland since September 2009 and was appointed as the chief executive officer of the Company in February 2021.

(b) Ms. Zhao Fangqi was appointed as a non-executive director of Shanghai Trueland since September 2017 and was appointed as a non-executive director of the Company in February 2021.

(c) Mr. Xu Jiankang was appointed as an executive director of Shanghai Trueland since September 2017 and was an executive director of the Company between February 2021 and April 2021 and was reappointed as an executive director of the Company in November 2022.

(d) Mr. Qin Ci, Mr. Yang Tao and Mr. Li Jiyou were appointed as non-executive directors of Shanghai Trueland in May 2019, September 2017, and September 2017 respectively, and were non-executive directors of the Company between February 2021 and April 2021.

(e) Mr. Zhou Weiqing was a non-executive director of Shanghai Trueland between May 2020 and August 2021 and was a non-executive director of the Company between February 2021 and November 2021.

(f) Mr. Huang Shaodong was appointed as a non-executive director of the Company since April 2022.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 1, nil, and 2 directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remaining 4, 5 and 3 highest paid employees who are not directors nor the chief executive of the Company are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	5,035	8,286	5,650
Pension scheme contributions	171	250	136
Share-based payment compensation	3,733	6,226	4,159
	8,939	14,762	9,945

The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2021	2022	2023
HK$1,500,001 to HK$2,000,000	1	1	–
HK$2,000,001 to HK$2,500,000	1	1	2
HK$2,500,001 to HK$3,000,000	1	1	–
HK$3,500,001 to HK$4,000,000	1	1	–
HK$6,000,001 to HK$6,500,000	–	1	1

12. INCOME TAX

Cayman Islands

The Company is a limited liability company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

Mainland China

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the Relevant Periods unless they are subject to tax concession set out below:

(1) Shanghai Trueland, Trueland Digital and Shanghai Trueland Network were accredited as high-tech enterprises in 2012, 2018 and 2018, and were entitled to a preferential CIT rate of 15% for the period from January 2021 to December 2023.

(2) Wuxi Trueland were accredited as a software enterprise in 2016 and were entitled to a preferential CIT rate of 0% for the period from January 2017 to December 2018 and entitled to a preferential CIT rate of 12.5% for the period from January 2019 to December 2021. Wuxi Trueland was accredited as a high-tech enterprise in 2018 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2023.

(3) Shanghai Trueland Intelligence was accredited as a double soft certification enterprise since December 2021, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years. Shanghai Trueland Intelligence was accredited as a high-tech enterprise in 2022 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2024.

(4) Hubei Trueland was accredited as a double soft certification enterprise since March 2023, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years.

(5) Guangdong Trueland, Ningbo Trueland, Chengdu Trueland, Suzhou Trueland, Shanghai Insight, Guangzhou Kaililong, Wuxi Kaililong, Wuxi Trueland Intelligence, Jinhua Trueland, Zhongshan Trueland, Taizhou Trueland, Kunshan Trueland, Shanghai Kaililong Big Data, Shanghai Tianbei, Wenzhou Trueland, Hangzhou Trueland and Trueland Digital are qualified as small scaled minimal profit enterprises.

Pursuant to Caishui [2019] circular No. 13, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2019 to 2021.

Pursuant to Caishui [2021] circular No. 8, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2022] circular No. 5, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2023] circular No. 6, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2023 to 2024.

The major components of income tax expense of the Group are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	7,509	7	–
Deferred income tax *(note 19)*	(22)	(39)	55
Total tax charge/(credit) for the year	7,487	(32)	55

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(265,102)	(216,487)	(169,423)
Tax at the statutory tax rate of 25%	(66,275)	(54,122)	(42,356)
Effects of preferential tax rates applicable to eligible subsidiaries	26,009	28,946	19,336
Effect on opening deferred tax of increase in rates	–	(19)	–
Income not subject to tax	(734)	(1)	(288)
Expenses not deductible for tax	19,427	9,455	18,735
Tax losses utilized from previous periods	(1,759)	(2,016)	(1,693)
Temporary differences and tax losses for which no deferred income tax asset was recognized	43,617	46,590	35,440
Accelerated research and development deductible expenses	(12,798)	(28,865)	(29,119)
Tax at the effective tax rates	7,487	(32)	55

13. DIVIDENDS

During the Relevant Periods, no dividends have been declared or paid by the Company.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's share split as disclosed in note 29 to the Historical Financial Information had been in effect on 1 January 2021.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2021, 2022 and 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	Year ended 31 December		
	2021	**2022**	**2023**
Loss			
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation (RMB'000)	(272,589)	(216,455)	(169,478)
Shares			
Weighted average number of ordinary shares assumed to be in issue during the year used in the basic and diluted loss per share calculation	15,011,220	16,809,320	16,809,320
Loss per share (basic and diluted) (RMB)	(18.16)	(12.88)	(10.08)

15. PROPERTY, PLANT AND EQUIPMENT

31 December 2021

	Office equipment	**Furniture and fixtures**	**Motor vehicles**	**Leasehold improvements**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021:					
Cost	95,476	4,653	6,952	22,602	129,683
Accumulated depreciation	(47,348)	(711)	(2,806)	(10,490)	(61,355)
Net carrying amount	48,128	3,942	4,146	12,112	68,328
At 1 January 2021, net of accumulated depreciation	48,128	3,942	4,146	12,112	68,328
Additions	26,264	672	2,023	39,669	68,628
Disposals	(132)	–	–	–	(132)
Depreciation provided during the year	(15,088)	(862)	(1,488)	(9,277)	(26,715)
At 31 December 2021, net of accumulated depreciation	59,172	3,752	4,681	42,504	110,109
At 31 December 2021:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	(59,892)	(1,573)	(4,294)	(19,767)	(85,526)
Net carrying amount	59,172	3,752	4,681	42,504	110,109

31 December 2022

	Office equipment *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2022:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	(59,892)	(1,573)	(4,294)	(19,767)	(85,526)
Net carrying amount	59,172	3,752	4,681	42,504	110,109
At 1 January 2022, net of accumulated depreciation	59,172	3,752	4,681	42,504	110,109
Additions	23,153	37	983	24,394	48,567
Disposals	(235)	(42)	(112)	–	(389)
Depreciation provided during the year	(17,188)	(915)	(1,707)	(17,055)	(36,865)
At 31 December 2022, net of accumulated depreciation	64,902	2,832	3,845	49,843	121,422
At 31 December 2022:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	64,902	2,832	3,845	49,843	121,422

31 December 2023

	Office equipment *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
At 1 January 2023:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	64,902	2,832	3,845	49,843	121,422
At 1 January 2023, net of accumulated depreciation	64,902	2,832	3,845	49,843	121,422
Additions	1,420	383	355	11,410	13,568
Disposals	(412)	(132)	–	–	(544)
Depreciation provided during the year	(18,684)	(1,047)	(1,292)	(20,070)	(41,093)
At 31 December 2023, net of accumulated depreciation	47,226	2,036	2,908	41,183	93,353
At 31 December 2023:					
Cost	142,775	5,279	10,107	98,075	256,236
Accumulated depreciation	(95,549)	(3,243)	(7,199)	(56,892)	(162,883)
Net carrying amount	47,226	2,036	2,908	41,183	93,353

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between one and six years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follow:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	43,083	155,414	172,663
Additions	149,811	72,826	5,591
Lease modification	–	–	(4,731)
Lease termination	(1,810)	(1,535)	(2,293)
Depreciation provided during the year	(35,670)	(54,042)	(55,914)
Carrying amount at the end of the year	155,414	172,663	115,316

(b) Lease Liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	45,612	169,525	207,955
Additions	149,811	72,826	5,591
Interest during the year	7,458	12,664	11,350
Lease modification	–	–	(5,012)
Lease termination	(1,823)	(1,743)	(2,717)
Payments during the year	(31,533)	(45,317)	(73,220)
Carrying amount at the end of the year	169,525	207,955	143,947
Analyzed into:			
Current portion	43,248	71,358	54,304
Non-current portion	126,277	136,597	89,643

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

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

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	7,458	12,664	11,350
Gains on modification of right-of-use assets and lease liabilities	–	–	(281)
Gains on disposal of right-of-use assets and lease liabilities	(13)	(208)	(424)
Depreciation charge of right-of-use assets	35,670	54,042	55,914
Expense relating to short-term leases	1,332	1,737	1,769
Total amount recognized in profit or loss	44,447	68,235	68,328

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

17. INTANGIBLE ASSETS

31 December 2021

	Software	**Total**
	RMB'000	*RMB'000*
At 1 January 2021		
Cost	18,167	18,167
Accumulated amortization	(11,404)	(11,404)
Net carrying amount	6,763	6,763
Cost at 1 January 2021, net of accumulated amortization	6,763	6,763
Additions	995	995
Amortization provided during the year	(2,666)	(2,666)
At 31 December 2021	5,092	5,092
At 31 December 2021		
Cost	19,162	19,162
Accumulated amortization	(14,070)	(14,070)
Net carrying amount	5,092	5,092

31 December 2022

	Software	Total
	RMB'000	*RMB'000*
At 1 January 2022		
Cost	19,162	19,162
Accumulated amortization	(14,070)	(14,070)
Net carrying amount	5,092	5,092
Cost at 1 January 2022, net of accumulated amortization	5,092	5,092
Additions	429	429
Amortization provided during the year	(1,760)	(1,760)
At 31 December 2022	3,761	3,761
At 31 December 2022		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	3,761	3,761

31 December 2023

	Software	Total
	RMB'000	*RMB'000*
At 1 January 2023		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	3,761	3,761
Cost at 1 January 2023, net of accumulated amortization	3,761	3,761
Additions	923	923
Amortization provided during the year	(1,800)	(1,800)
At 31 December 2023	2,884	2,884
At 31 December 2023		
Cost	20,514	20,514
Accumulated amortization	(17,630)	(17,630)
Net carrying amount	2,884	2,884

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Investment costs	516,094	567,873	577,502

19. DEFERRED TAX

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

Deferred tax assets

	Impairment of financial assets	**Lease liabilities**	**Tax losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
At 1 January 2021	9	5,426	219	5,654
Deferred tax credited to profit or loss during the year	14	13,497	395	13,906
At 31 December 2021	23	18,923	614	19,560
31 December 2022				
At 1 January 2022	23	18,923	614	19,560
Deferred tax (charged)/credited to profit or loss during the year	(12)	8,382	1,836	10,206
At 31 December 2022	11	27,305	2,450	29,766
31 December 2023				
At 1 January 2023	11	27,305	2,450	29,766
Deferred tax charged to profit or loss during the year	(11)	(7,137)	(1,251)	(8,399)
At 31 December 2023	–	20,168	1,199	21,367

Deferred tax liabilities

	Right-of-use assets	**Total**
	RMB'000	*RMB'000*
31 December 2021		
At 1 January 2021	5,660	5,660
Deferred tax charged to profit or loss during the year	13,884	13,884
At 31 December 2021	19,544	19,544
31 December 2022		
At 1 January 2022	19,544	19,544
Deferred tax charged to profit or loss during the year	10,167	10,167
At 31 December 2022	29,711	29,711
31 December 2023		
At 1 January 2023	29,711	29,711
Deferred tax credited to profit or loss during the year	(8,344)	(8,344)
At 31 December 2023	21,367	21,367

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

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	23	55	–
Net deferred tax liabilities recognized in the consolidated statements of financial position	7	–	–

The Group has accumulated tax losses arising in Mainland China of RMB383,861,000, RMB677,826,000 and RMB894,454,000 at the end of each of the Relevant Periods, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses arising in Hong Kong of RMB4,978,000, RMB9,579,000 and RMB11,682,000 at the end of each of the Relevant Periods, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has deductible temporary differences of RMB33,457,000, RMB39,486,000 and RMB66,507,000 at the end of each of the Relevant Periods, respectively.

Deferred tax assets have not been recognized in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses and the deductible temporary differences can be utilized.

20. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables	116,154	12,650	1,436
Trade receivables	74,454	129,799	129,139
Impairment	(16,390)	(11,563)	(17,912)
	174,218	130,886	112,663

The Group's trading terms with its precision marketing service customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2022, the principal amount of other borrowing from a third party of RMB50,000,000 and unpaid borrowing interest of RMB411,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB19,848,000 and other receivables of RMB57,807,000.

As at 31 December 2023, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB14,000 are guaranteed by a related party (Liu Huan) and also secured by trade receivables of RMB4,258,000 and other receivables of RMB87,037,000.

As at 31 December 2023, the principal amount of other borrowing from a third party of RMB90,000,000 and unpaid borrowing interest of RMB780,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB15,535,000 and other receivables of RMB252,974,000.

As at 31 December 2021, 2022 and 2023, the Group discounted bills receivable accepted by banks ("Discounted Bills") in Mainland China with a carrying amount of RMB125,616,000, RMB110,912,000 and RMB35,600,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards of certain Discounted Bills, which include default risks relating to such Discounted Bills. Those Discounted Bills were accounted as bank borrowings, which amounted to RMB115,116,000, RMB12,650,000 and nil, respectively. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

And for the remaining discounted bills receivable, the Group has derecognized those bills ("Derecognized Bills"), which amounted to RMB10,500,000, RMB98,262,000 and RMB35,600,000, respectively. The Derecognized Bills had a maturity of 4 months, 4 months and 6 months at 31 December 2021, 2022 and 2023, respectively.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant. During the Relevant Periods, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively. The discount has been made evenly throughout the year.

An ageing analysis of the bills receivables and trade receivables as at the end of each of the Relevant Periods, based on the date of recognition and net of allowance, is as follows:

(a) ***Bills receivables***

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	115,030	12,516	1,425

(b) ***Trade receivables***

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	44,753	108,465	72,757
90 days – 180 days	4,799	6,267	20,530
181 days – 1 year	3,885	1,001	14,128
Over 1 year	5,751	2,637	3,823
	59,188	118,370	111,238

The movements in loss allowance for impairment of bills receivables and trade receivables are as follows:

(a) ***Bills receivables***

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of year	487	1,124	134
Impairment/(reversal of impairment)	637	(990)	(123)
Balance at end of year	1,124	134	11

(b) ***Trade receivables***

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of year	30,404	15,266	11,429
Impairment	8,330	4,648	6,592
Receivables written off during the year as uncollectable	(23,468)	(8,485)	(120)
Balance at end of year	15,266	11,429	17,901

Impairment under IFRS 9 for the Relevant Periods

An impairment analysis was made based on expected credit loss model on the recoverability of trade and bills receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

(a) ***Bills receivables***

	As at 31 December		
	2021	**2022**	**2023**
	Within 1 year	**Within 1 year**	**Within 1 year**
Expected credit loss rate	0.97%	1.06%	0.77%
Gross carrying amount (RMB'000)	116,154	12,650	1,436
Expected credit losses (RMB'000)	1,124	134	11

(b) ***Trade receivables***

As at 31 December 2021

	Individual basis	**Collective basis**					
		Within 90 days	**91-180 days**	**181 days-1 year**	**Over 1 year**	**Subtotal**	**Total**
Expected credit loss rate	100.00%	1.34%	1.42%	1.42%	4.64%	1.68%	20.50%
Gross carrying amount (RMB'000)	14,254	45,360	4,868	3,941	6,031	60,200	74,454
Expected credit losses (RMB'000)	14,254	607	69	56	280	1,012	15,266

As at 31 December 2022

	Individual basis	**Collective basis**					
		Within 90 days	**91-180 days**	**181 days-1 year**	**Over 1 year**	**Subtotal**	**Total**
Expected credit loss rate	100.00%	1.26%	1.26%	1.28%	3.41%	1.31%	8.81%
Gross carrying amount (RMB'000)	9,860	109,848	6,347	1,014	2,730	119,939	129,799
Expected credit losses (RMB'000)	9,860	1,383	80	13	93	1,569	11,429

As at 31 December 2023

	Individual basis	**Collective basis**					
		Within 90 days	**91-180 days**	**181 days-1 year**	**Over 1 year**	**Subtotal**	**Total**
Expected credit loss rate	100.00%	2.06%	1.77%	2.05%	5.28%	2.12%	13.86%
Gross carrying amount (RMB'000)	15,495	74,286	20,899	14,423	4,036	113,644	129,139
Expected credit losses (RMB'000)	15,495	1,529	369	295	213	2,406	17,901

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for purchase of items of property, plant and equipment	3,533	990	90
Deposits	4,462	14,653	18,581
Impairment allowance	–	(649)	(1,212)
Total	7,995	14,994	17,459
Current:			
Other receivables in relation to prepayment on behalf of advertisers – third parties*	1,065,794	1,334,168	1,670,000
Other prepayments	26,132	20,592	23,637
Other tax recoverable	17,560	39,978	27,966
Deposits	15,028	22,930	12,603
Prepayments for purchasing advertising traffic	9,853	2,885	4,758
Capitalization of [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Contract fulfilment cost (note 5)	–	–	6,663
Others	872	605	5,034
Impairment allowance	(22,438)	(24,627)	(40,483)
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

* In the online advertisement distribution services, sometimes, the Group makes prepayments to the media platforms on behalf of the advertisers before receiving the advance payment from these advertisers, these prepayments on behalf of advertisers are recognized as other receivables. As at 31 December 2022 and 2023, other receivables of RMB57,807,000 and RMB340,011,000 are pledged for bank and other borrowings respectively, further details are given in notes 20 and 26 to the Historical Financial Information.

An impairment analysis was made based on expected credit loss model on the recoverability of certain other receivables items, which are as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,065,794	1,334,168	1,670,000
Deposits	19,490	37,583	31,184
Others	872	605	5,034
	1,086,156	1,372,356	1,706,218

The movements in loss allowance for impairment of other receivables are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of year	16,214	22,438	25,276
Impairment	6,224	2,838	24,675
Receivables written off during the year as uncollectable	–	–	(8,256)
Balance at end of year	22,438	25,276	41,695

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

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

As at 31 December 2021

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Expected credit loss rate	1.28%	5.24%	100.00%	2.07%
Gross carrying amount (RMB'000)	1,068,856	9,032	8,268	1,086,156
Expected credit losses (RMB'000)	13,697	473	8,268	22,438

As at 31 December 2022

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Expected credit loss rate	1.22%	3.41%	100.00%	1.84%
Gross carrying amount (RMB'000)	1,347,810	16,278	8,268	1,372,356
Expected credit losses (RMB'000)	16,453	555	8,268	25,276

As at 31 December 2023

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Expected credit loss rate	2.01%	6.47%	100.00%	2.44%
Gross carrying amount (RMB'000)	1,659,990	40,525	5,703	1,706,218
Expected credit losses (RMB'000)	33,369	2,623	5,703	41,695

The Company

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Amounts due from related party – Shanghai Trueland*	29,942	38,320	46,698
Capitalization of [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

* The Company's amounts due from related party is related to the share-based payments, as detailed in note 31 to the Historical Financial Information.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables at fair value through other comprehensive income	–	2,076	1,610
Less: Change in fair value of financial assets at fair value through other comprehensive income	–	(21)	(8)
	–	2,055	1,602

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	145	10	90
Cash at banks	211,887	207,267	188,985
Cash equivalents	3,626	5,338	19,428
Less: Short-term bank deposit with maturities of more than three months*	–	–	(50,000)
Less: Restricted cash**	–	(9,109)	(20,481)
Cash and cash equivalents	215,658	203,506	138,022
Denominated in:			
RMB	173,959	185,190	132,540
USD	41,694	18,271	5,396
HKD	5	45	86
Total cash and bank balances	215,658	203,506	138,022

* The effective interest rate of short-term bank deposit with maturities of more than three months was 1.95% as at 31 December 2023.

** Pursuant to a tripartite agreement dated 25 March 2022 entered into among the Group, a supplier and a factoring company in relation to online advertisement business, when the Group is unable to make timely payment, the factoring company will pay the supplier unconditionally when there is no commercial dispute. To guarantee the payment, the factoring company supervised the bank account of the Group of RMB9,109,000 and RMB12,968,000 as at 31 December 2022 and 2023, respectively, with restriction.

Pursuant to a facility agreement dated 30 December 2022 entered into between the Group and a bank, a specific account is required to set up to guarantee the bank borrowing, and the bank supervised the special account of the Group of RMB7,427,000 as at 31 December 2023 with restriction.

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	–	–	–
Cash at banks	3,983	70	257
Cash and cash equivalents	3,983	70	257
Denominated in:			
USD	3,983	70	257
Total cash and bank balances	3,983	70	257

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

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

24. TRADE PAYABLES

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

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	11,081	37,183	45,952
Over 1 year	4,487	6,486	4,998
	15,568	43,669	50,950

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Deferred revenue	1,428	1,575	3,370

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Cost payable to media platforms on behalf of customers*	62,773	319,790	312,649
Advance from advertisers**	78,412	155,121	183,836
Payroll and welfare payables	42,327	41,173	35,441
Deferred revenue	1,595	1,700	3,530
Deposits	4,941	12,494	18,757
Other tax payables	3,068	3,031	4,310
Other payables	15,205	22,162	29,805
Purchase of long-term assets	2,665	9,277	6,253
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

* Cost payable to media platforms on behalf of customers represents the traffic acquisition costs paid for our customers in the online advertisement distribution service.

** Advance from advertisers represents the pre-collected payment from customers seeking for our online advertisement distribution services.

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Amounts due to related party – Hongkong Kaililong	–	696	17,177
Amounts due to related party – Shanghai Trueland	–	–	5,832
Amounts due to related party – Marketingforce HongKong	–	279	283
Amounts due to related party – American Kaililong	–	–	975
Other payables	–	63	91
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2021

	Effective interest rate	**Maturity**	**RMB'000**
Bank loans – secured	3.65%-5.35%	1 year	372,316
Bank loans – unsecured	3.70%	1 year	20,000
Discounted Bills	2.55%	1 year	115,116
			507,432

As at 31 December 2022

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.65%-5.20%	1 year	349,817
Discounted Bills	1.25%-2.90%	1 year	12,650
Other borrowing – secured*	8.00%	1 year	50,411
			412,878

As at 31 December 2023

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.24%-5.20%	1 year	529,032
Other borrowing – secured*	8.00%	1 year	90,780
			619,812

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Analyzed into:			
Bank and other loans repayable:			
Within one year or on demand	507,432	412,878	619,812
	507,432	412,878	619,812

The guarantee amounts provided by the relevant parties including the related parties as at 31 December 2021, 2022 and 2023 are as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Kaililong (Shanghai) Information Technology Co., Ltd.	–	–	150,197
Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	–	139,147
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	–	50,027	119,616
Trueland Information Technology (Shanghai) Co., Ltd. (Other borrowing – secured)*	–	50,411	90,780
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	70,026	70,047
Mr. Liu Huan**	–	–	20,014
Marketingforce Network Technology (Shanghai) Co., Ltd.	–	20,000	20,000

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Mr. Liu Huan, Ms. Shen Liyao, Trueland Information Technology (Shanghai) Co., Ltd.	–	7,008	10,011
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd.	210,130	50,067	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Trueland Information Technology (Shanghai) Co., Ltd.	30,046	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd., Kaililong (Shanghai) Information Technology Co., Ltd.	15,020	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	30,000	49,574	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	80,112	–	–
Mr. Liu Huan, Ms. Shen Liyao, Shanghai MSME Policy Financing Guarantee Fund Management Center	7,008	3,003	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	100,112	–
	372,316	400,228	619,812

* As at 31 December 2022 and 2023, other borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

** As at 31 December 2023, bank borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

The aforementioned guarantees from related parties are at no cost. Except for Mr. Zhao Xulong and Ms. Zhu Shuina, the guarantees from other related parties will not be released prior to the [**REDACTED**].

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Redeemable Preferred Capital

In 2017, Shanghai Trueland and series A-1 investors entered into a share subscription agreement whereby the series A-1 investors made a total investment of RMB120,000,000.

In 2020, one of the series A-1 investors exited and the equity interests were taken over by series A-2 investor (together with series A-1 investors, the "Series A investors").

Pursuant to the Reorganization in 2021, the equity interests held by the Series A investors were repurchased by issuing the Company's series A preferred shares ("Series A Preferred Shares"). As a result of the change, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

Redemption features

Pursuant to the series A-1 investors' agreement, in the following circumstances, the series A-1 investors shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-1 investors at the price agreed in the series A-1 agreement: (i) Shanghai Trueland fails to consummate a listing within three years from the date of the series A-1 agreement; (ii) a feasible plan of listing of Shanghai Trueland to which the series A-1 investors or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of Shanghai Trueland due to the veto of the founder holding companies without reasonable causes; (iii) Mr. Zhao Xulong resigns or leaves Shanghai Trueland, or the founders directly or indirectly dispose their equity interests in Shanghai Trueland or take any other actions which may cause the change of control of Shanghai Trueland or may cause adverse impact on the listing of Shanghai Trueland, or the founders materially breach their non-compete obligations under the series A-1 agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between Shanghai Trueland and the founders.

Pursuant to the series A-2 investor's agreement, at any time, the series A-2 investor shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-2 investor at the price agreed in the series A-2 agreement.

The repurchase price of the series A-1 redeemable preferred capital is equivalent to the series A-1 subscription price plus earnings at an interest rate of 12% per annum.

The repurchase price of the series A-2 redeemable preferred capital is equivalent to the series A-2 subscription price plus earnings at an interest rate of 8% per annum.

Presentation and classification

The redemption obligations give rise to financial liabilities, which are measured initially at the present value of the repurchase amount and subsequently at amortized cost. The movements of redeemable preferred capital during the Relevant Periods are set out below.

The movements of redeemable preferred capital were as follows:

	Series A-1 *RMB'000*	Series A-2 *RMB'000*	Total *RMB'000*
1 January 2021	135,287	33,094	168,381
Interest expense (effective interest rate of 8%)	–	1,471	1,471
Interest expense (effective interest rate of 12%)	6,533	–	6,533
Transfer to Series A Preferred Shares	(141,820)	(34,565)	(176,385)
31 December 2021, 2022 and 2023	–	–	–

Convertible redeemable preferred shares

Pursuant to the Reorganization, in July 2021, the Company issued 114,421 Series A Preferred Shares with a par value of USD0.0001 per share to the Series A investors. Upon completion of the Reorganization, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

In November 2021, the Group and series B investors entered into a share subscription agreement whereby series B investors made a total investment of USD92,138,000 for 138,553 series B preferred shares ("Series B Preferred Shares") with a par value of USD0.0001 per share.

Conversion rights

Each Preferred Share shall be convertible, at the option of the holder of the Preferred Shares at any time after the date of issuance, without the payment of any additional consideration. All outstanding Preferred Shares shall automatically be converted into ordinary shares upon the earlier of (i) the closing of a listing, or (ii) the date specified by written consent or agreement of the majority preferred shareholders. Initial conversion price is the original issuance price, which results in a conversion ratio of 1 for 1.

The applicable conversion price shall be adjusted and readjusted from time to time as (i) adjustment for share splits and combinations; (ii) adjustment for ordinary share dividends and distributions; (iii) adjustments for other dividends (iv) adjustments for Reorganizations, mergers, consolidations, reclassifications, exchanges, substitutions; (v) adjustments to conversion price for dilutive issuance; (vi) other dilutive events.

Redemption features

In the event that at any time upon the occurrence of any of the following events: (a) a listing is not consummated on or before the expiration of 36 months after the Series B Preferred Shares closing date; (b) a feasible plan of listing of the Company to which the holder of Preferred Shares or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of the Company due to the veto of the founder holding companies without reasonable causes; (c) Mr. Zhao Xulong resigns from the Company, or the founders directly or indirectly dispose their equity interests in the Company or take any other actions which may cause the change of control of the Company or may cause adverse impact on the listing of the Company, or the founders materially breach their non-compete obligations under the shareholders agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between the Company and the founders; (d) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (e) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to holders of Preferred Shares with an amount equal to (i) Series B Preferred Shares issue price and interest thereto at a simple rate of twelve percent (12%) of the Series B Preferred Shares issue price per annum calculating from the Series B Preferred Shares issue date, or (ii) Series A Preferred Shares issue price and interest thereto at a simple rate of eight percent (8%) of the Series A Preferred Shares issue price per annum calculating from the Series A Preferred Shares issue date, thereupon in the sequence below:

(1) Series B Preferred Shares

(2) Series A Preferred Shares

Voting rights

The holder of each Preferred Share shall be entitled to votes equal to the number of votes attaching to the number of ordinary shares to which such Preferred Shares could be converted. The holders of Preferred Shares shall vote with the holders of ordinary shares, and not as a separate class.

Presentation and classification

The Group designated host debt and conversion derivative of Preferred Shares as financial liabilities measured as fair value through profit or loss, presented as convertible redeemable preferred shares in the consolidated statements of financial position. Management considered that fair value change in the Preferred Shares attributable to changes of own credit risk is not significant. The movements of the convertible redeemable preferred shares are set out as follows:

The Group and the Company	**Convertible redeemable preferred shares** *RMB'000*
1 January 2021	–
Transfer from redeemable preferred capital	176,385
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	58,677
Issuance of Series B Preferred Shares	396,172
Redesignate ordinary shares to Series B Preferred Shares *(Note 29 b)*	191,272
Fair value loss on financial liabilities at FVTPL	122,237
Translation exchange adjustments	(2,260)
31 December 2021	942,483
Fair value loss on financial liabilities at FVTPL	61,069
Translation exchange adjustments	92,923
31 December 2022	1,096,475
Fair value loss on financial liabilities at FVTPL	107,815
Translation exchange adjustments	19,499
31 December 2023	1,223,789

Valuation process of the Group for convertible redeemable preferred share

The fair value of convertible redeemable preferred share is determined based on valuation performed by an independent professionally qualified valuer using the back-solve method to determine the underlying equity value of the Group and adopted the equity allocation model to determine the fair value of the convertible redeemable preferred shares as at 31 December 2021 and using the discounted cash flow method and the equity allocation model as at 31 December 2022 and 2023.

Back-solve method is used as at 31 December 2021 by consideration of the marketability that the Series B Preferred Shares financing occurred in November 2021, and the underlying equity value doesn't materially differs till 31 December 2021. No such marketability is available at 31 December 2022 and 2023, consequently the discounted cash flow method is used accordingly.

	As at 31 December		
	2021	**2022**	**2023**
Risk-free interest rate	0.96%	4.42%	4.70%
Discounts for lack of marketability ("DLOM")	17.00%	16.27%	6.47%
Volatility	45.53%	51.30%	39.60%
Possibilities under liquidation scenario	17.50%	17.50%	12.50%
Possibilities under redemption scenario	17.50%	17.50%	12.50%
Possibilities under conversion scenario	65.00%	65.00%	75.00%

The Group estimated the risk-free interest rate based on the yield of the US Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility is estimated based on daily stock prices of the comparable companies for a period equal to the expected terms for liquidation or redemption event as of the valuation date.

The increase or decrease in risk-free interest rate, DLOM, volatility and possibilities under conversion scenario with all other variables held constant would decrease or increase the fair value of convertible redeemable preferred shares. While for the possibilities under liquidation and redemption scenarios the increase or decrease of which, with all other variables held constant, would increase or decrease the fair value of convertible redeemable preferred shares.

28. OTHER CURRENT LIABILITIES

The other current liabilities are as below:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
VAT on contract liabilities	24,231	28,656	32,894

29. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 February 2021 with authorized share capital of USD50,000 divided into (i) 499,660,015 ordinary shares with par value of USD0.0001 each, (ii) 96,259 Series A-1 Preferred Shares with par value of USD0.0001 each, (iii) 18,162 Series A-2 Preferred Shares with par value of USD0.0001 each, (iv) 225,564 Series B Preferred Shares with par value of USD0.0001 each.

On 8 August 2022, each issued and unissued shares of a par value of US$0.0001 each in the capital of the Company was sub-divided into 20 shares of a par value of US$0.000005 each. Subsequent to the share split, the authorized share capital of the Company was US$50,000 divided into 10,000,000,000 shares of a par value of US$0.000005 each.

Ordinary shares

	31 December 2021	**31 December 2022**	**31 December 2023**
	USD	*USD*	*USD*
Authorized:			
499,660,015 ordinary shares of USD0.0001 each	49,966	–	–
9,993,200,300 ordinary shares of USD0.000005 each	–	49,966	49,966

Issued and fully paid:

	Number of shares in issue	**Share capital**	**Share capital**
		USD'000	*RMB'000*
At 31 December 2021	893,098	89	1
At 31 December 2022 and 2023	17,861,960	89	1

Movements in the issued share capital from 23 February 2021 (date of incorporation) to 31 December 2023 were as follows:

	Number of shares in issue	Share capital *RMB'000*
At 1 January 2021	–	–
Issue of ordinary shares *(Note a)*	938,211	1
Redesignated to Series B Preferred Shares *(Note b)*	(45,113)	–
At 31 December 2021	893,098	1
Each in the capital of the Company was sub-divided into 20 shares	16,968,862	–
At 31 December 2022 and 2023	17,861,960	1

Note a:

(1) On 23 February 2021, the Company issued and allotted one ordinary share to the initial subscriber (an independent third party) at par value, and was subsequently transferred, on the same day, to Willam Zhao Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately controlled by Mr. Zhao Xulong.

(2) On 23 February 2021, the Company issued and allotted an aggregate of 885,578 shares to the following entities at par value:

Shareholders	Numbers of shares issued	Subscription price *USD*
Willam Zhao Limited	352,864	35.29
Shuina Zhu Limited	298,402	29.84
Shanghai Hongyu Limited	96,259	9.63
Fangqi Zhao Limited	77,005	7.70
Shanghai Zhiyu Limited	22,544	2.25
Kaihua Tan Limited	19,252	1.93
Peimin Guo Limited	5,088	0.51
Wenhua Xu Limited	14,164	1.42
Total	885,578	

(3) On 10 November 2021, the Company issued and allotted 52,632 ordinary shares to Isle Wealth Limited at par value.

(4) On 12 November 2021, Willam Zhao Limited transferred ordinary shares to other ordinary shareholders as follows:

(i) 13,158 ordinary shares to Zhenjun He;

(ii) 5,639 ordinary shares to Multi Link Corporate Development Limited;

(iii) 9,398 ordinary shares to Great Boom Group Limited; and

(iv) 7,519 ordinary shares to Top Mountain Shuye LP.

Note b:

(1) On 10 November 2021, 45,113 ordinary shares held by Mr. Zhao Xulong were redesignated and transferred to Rongjing Co. Limited as Series B Preferred Shares.

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve/share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies in the Group of which the functional currency is not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the Historical Financial Information.

The Company

	Share capital	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	–	–	–	–	–	–
Loss for the year	–	–	–	–	(131,340)	(131,340)
Other comprehensive income for the year	–	–	–	5,356	–	5,356
Total comprehensive loss for the year	–	–	–	5,356	(131,340)	(125,984)
Transfer to convertible redeemable preferred shares	–	(297,774)	–	–	–	(297,774)
Equity-settled share option arrangements	–	–	29,944	–	–	29,944
Issue of shares	1	–	–	–	–	1
As at 31 December 2021 and 1 January 2022	1	(297,774)	29,944	5,356	(131,340)	(393,813)
Loss for the year	–	–	–	–	(73,722)	(73,722)
Other comprehensive loss for the year	–	–	–	(45,568)	–	(45,568)
Total comprehensive loss for the year	–	–	–	(45,568)	(73,722)	(119,290)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
As at 31 December 2022	1	(297,774)	38,322	(40,212)	(205,062)	(504,725)

	Share capital *RMB'000*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
Loss for the year	–	–	–	–	(133,983)	(133,983)
Other comprehensive loss for the year	–	–	–	(10,334)	–	(10,334)
Total comprehensive loss for the year	–	–	–	(10,334)	(133,983)	(144,317)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
At 31 December 2023	1	(297,774)	46,700	(50,546)	(339,045)	(640,664)

31. SHARE-BASED PAYMENTS

Employee incentive platform

Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海竑宇資產管理合夥企業(有限合夥)) ("Shanghai Hongyu"), is a limited partnership incorporated in the PRC on 6 November 2015 as the employee stock ownership platform. The general partner of Shanghai Hongyu is Mr. Xu Jiankang, the executive director and senior vice president of the Company.

Shanghai Hongyu Limited, a company incorporated on 9 February 2021 in the British Virgin Islands, was wholly owned by Shanghai Hongyu. Pursuant to the Reorganization, each of Shanghai Hongyu and Mr. Xu Jiankang is deemed to be interested in the shares held by Shanghai Hongyu Limited.

Share incentive plan

In December 2015, Shanghai Trueland adopted a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the share incentive plan may include any officer, directors, employees of the Group, and any individual consultants or advisors who render or have rendered bona fide services to the Group.

Subject to any restriction contained in the share incentive plan, each vested share shall not be exercisable until the later of the following: (i) the date such share has vested and (ii) 30 days after the listing but shall be exercised no later than 90 days after such vested share become exercisable. The exercise price for each share under the share incentive plan is RMB8.33.

The following shares were outstanding under the share incentive plan during the Relevant Periods:

	Number of shares
At 1 January 2021	2,688,342
Granted during the year	311,658
Forfeited during the year	–
At 31 December 2021, 2022 and 2023	3,000,000

Upon the Reorganization, the underlying shares of the share incentive plan have been changed from Shanghai Trueland to the Company.

During the Relevant Periods, the Group recognized share-based compensation expenses of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively.

The fair value of options granted during the Relevant Periods is measured based on discounted cash flow method.

Key valuation assumptions used to determine the fair value of options granted are as follows:

	22 February 2021
	RMB'000
Method	Discounted cash flow method
Risk-free interest rate	3.03%
DLOM	18.00%
Volatility	43.11%

The Group estimated the risk-free interest rate based on the yield of the Mainland China Government Bond on 22 February 2021. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of RMB149,811,000, RMB72,826,000 and RMB5,591,000, and non-cash additions to lease liabilities of RMB149,811,000, RMB72,826,000 and RMB5,591,000, respectively, in respect of lease arrangements for properties.

During the Relevant Periods, the Group had non-cash additions to share-based payment reserves of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively, in respect of share-based payment arrangements.

During the Relevant Periods, the Group had non-cash subtractions to trade and bills receivables of RMB8,604,000, RMB115,116,000 and RMB12,650,000, and non-cash subtractions to interest-bearing bank and other borrowings of RMB8,604,000, RMB115,116,000 and RMB12,650,000, respectively, in respect of Discounted Bills.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	**Lease liabilities**	**Redeemable preferred capital**	**Convertible redeemable preferred shares**	**Total liabilities from financing activities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	190,428	45,612	168,381	–	404,421
Cash flows from/(used in) financing activities	314,589	(31,533)	(128,560)	524,732	679,228
Non-cash changes:					
New leases	–	149,811	–	–	149,811
Accrual of interest	11,019	7,458	8,004	–	26,481
Lease termination	–	(1,823)	–	–	(1,823)
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	–	–	–	58,677	58,677
Redesignate ordinary shares to Series B Preferred Shares	–	–	–	191,272	191,272

	Interest-bearing bank and other borrowings	Lease liabilities	Redeemable preferred capital	Convertible redeemable preferred shares	Total liabilities from financing activities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fair value loss on financial liabilities at FVTPL	–	–	–	122,237	122,237
Translation exchange adjustments	–	–	–	(2,260)	(2,260)
Transfer to convertible redeemable preferred shares	–	–	(47,825)	47,825	–
Reclassification	(8,604)	–	–	–	(8,604)
As at 31 December 2021 and 1 January 2022	507,432	169,525	–	942,483	1,619,440
Cash flows from/(used in) financing activities	5,236	(45,317)	–	–	(40,081)
Non-cash changes:					
New leases	–	72,826	–	–	72,826
Accrual of interest	15,326	12,664	–	–	27,990
Lease termination	–	(1,743)	–	–	(1,743)
Reclassification	(115,116)	–	–	–	(115,116)
Translation exchange adjustments	–	–	–	92,923	92,923
Fair value changes of preferred shares	–	–	–	61,069	61,069
As at 31 December 2022 and 1 January 2023	412,878	207,955	–	1,096,475	1,717,308
Cash flows from/(used in) financing activities	195,695	(73,220)	–	–	122,475
Non-cash changes:					
New leases	–	5,591	–	–	5,591
Accrual of interest	23,889	11,350	–	–	35,239
Lease modification	–	(5,012)	–	–	(5,012)
Lease termination	–	(2,717)	–	–	(2,717)
Reclassification	(12,650)	–	–	–	(12,650)
Translation exchange adjustments	–	–	–	19,499	19,499
Fair value changes of preferred shares	–	–	–	107,815	107,815
As at 31 December 2023	619,812	143,947	–	1,223,789	1,987,548

(c) Total cash outflow for leases

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

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,343	1,349	1,769
Within financing activities	31,533	45,317	73,220
	32,876	46,666	74,989

33. COMMITMENTS

At the end of each of the Relevant Periods, the Group and the Company did not have any significant commitment.

34. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Name and relationship

Name of related parties	Relationship with the Group and the Company
Zhao Xulong	Chief executive director and a shareholder
Tianjin Zhengdao North Beta Consulting Co., Ltd ("North Beta")	A shareholder of a shareholder of the Company
CCB INTERNATIONAL CAPITAL LIMITED ("CCBI")	A sister affiliate of a shareholder of the Company
Liu Huan	Senior management
Shen Liyao	The spouse of a senior management

(b) Transactions with related parties

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of services			
CCBI	–	1,845	1,140
North Beta	11,692	300	300
	11,692	2,145	1,440
Borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	8,000	35,500	–
	8,000	35,500	–
Repayment of borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	(8,000)	(35,500)	–
	(8,000)	(35,500)	–

(c) Other transactions with related parties

Certain of the Group's directors, senior management and shareholder have guaranteed certain bank loans made to the Group as disclosed in note 26 to the Historical Financial Information.

(d) Outstanding balance with related parties

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals			
CCBI*	–	1,845	1,214

* The outstanding balance with CCBI is non-trade in nature and is associated with the [**REDACTED**] expense. The Company commits to make payment in 2024.

(e) Compensation of key management personnel of the Group

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	7,623	9,557	12,430
Contributions to the pension scheme	285	313	340
Share-based payment compensation	5,799	6,226	6,226
	13,707	16,096	18,996

Further details of directors' and the chief executive's emoluments are included in note 10 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2021

Financial assets

	Financial assets at amortized cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets *(note 21)*	1,063,718
Trade and bills receivables *(note 20)*	174,218
Cash and cash equivalents *(note 23)*	215,658
	1,453,594

Financial liabilities

	At amortized cost *RMB'000*	At FVTPL *RMB'000*	Total *RMB'000*
Trade payables *(note 24)*	15,568	–	15,568
Convertible redeemable preferred shares *(note 27)*	–	942,483	942,483
Financial liabilities included in other payables and accruals *(note 25)*	88,240	–	88,240
Interest-bearing bank and other borrowings *(note 26)*	507,432	–	507,432
	611,240	942,483	1,553,723

As at 31 December 2022

Financial assets

	At amortized cost *RMB'000*	At FVTOCI *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, other receivables and other assets *(note 21)*	1,347,080	–	1,347,080
Trade and bills receivables *(note 20)*	130,886	–	130,886
Financial assets at fair value through other comprehensive income *(note 22)*	–	2,055	2,055
Restricted cash *(note 23)*	9,109	–	9,109
Cash and cash equivalents *(note 23)*	203,506	–	203,506
	1,690,581	2,055	1,692,636

Financial liabilities

	At amortized cost *RMB'000*	At FVTPL *RMB'000*	Total *RMB'000*
Trade payables *(note 24)*	43,669	–	43,669
Convertible redeemable preferred shares *(note 27)*	–	1,096,475	1,096,475
Financial liabilities included in other payables and accruals *(note 25)*	380,519	–	380,519
Interest-bearing bank and other borrowings *(note 26)*	412,878	–	412,878
	837,066	1,096,475	1,933,541

As at 31 December 2023

Financial assets

	At amortized cost *RMB'000*	At FVTOCI *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, other receivables and other assets *(note 21)*	1,664,523	–	1,664,523
Trade and bills receivables *(note 20)*	112,663	–	112,663
Financial assets at fair value through other comprehensive income *(note 22)*	–	1,602	1,602
Restricted cash *(note 23)*	20,481	–	20,481
Short-term bank deposits *(note 23)*	50,000	–	50,000
Cash and cash equivalents *(note 23)*	138,022	–	138,022
	1,985,689	1,602	1,987,291

Financial liabilities

	At amortized cost *RMB'000*	At FVTPL *RMB'000*	Total *RMB'000*
Trade payables *(note 24)*	50,950	–	50,950
Convertible redeemable preferred shares *(note 27)*	–	1,223,789	1,223,789
Financial liabilities included in other payables and accruals *(note 25)*	385,584	–	385,584
Interest-bearing bank and other borrowings *(note 26)*	619,812	–	619,812
	1,056,346	1,223,789	2,280,135

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the convertible redeemable preferred shares measured at FVTPL are determined using the back-solve method and the discounted cash flow method. Further details are set out in note 27.

The fair values of the bill receivables measured at FVTOCI are determined using the discounted cash flow method. Further details are set out in note 22 to the Historical Financial Information.

Fair value hierarchy

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

Assets measured at fair value

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Financial assets at FVTOCI	–	–	2,055	2,055

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Financial assets at FVTOCI	–	–	1,602	1,602

Liabilities measured at fair value

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Financial liabilities at FVTPL	–	–	942,483	942,483

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Financial liabilities at FVTPL	–	–	1,096,475	1,096,475

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Financial liabilities at FVTPL	–	–	1,223,789	1,223,789

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021, 2022 and 2023:

	Valuation technique	**Significant unobservable input**	**Year**	**Range**	**Sensitivity of fair value to the input**
Convertible redeemable preferred shares	Back-solve method	Risk-free interest rate	2021	0.96%	5% increase/decrease in risk-free interest rate would result in decrease/ increase in fair value by RMB262,000
		Discounts for lack of marketability ("DLOM")	2021	17.00%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB10,766,000/ RMB10,573,000
		Volatility	2021	45.53%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB8,404,000
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2022	4.42%	5% increase/decrease in risk-free interest rate would result in decrease/ increase in fair value by RMB832,000/RMB836,000
		DLOM	2022	16.27%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB11,820,000/ RMB11,680,000
		Volatility	2022	51.30%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB9,016,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2022	2.51%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB1,000
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2023	4.70%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB393,000/RMB394,000

	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
		DLOM	2023	6.47%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB3,607,000
		Volatility	2023	39.60%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB3,039,000/ RMB3,058,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2023	2.51%- 2.54%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB413

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank and other borrowings, and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarized below.

Foreign currency risk

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's loss before tax and the Group's equity (excluding retained profits/accumulated losses) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

	Increase/ (decrease) in rate of foreign currency *%*	Increase/ (decrease) in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
Year ended 31 December 2021			
If RMB weakens against US$	5	16	(23,922)
If RMB strengthens against US$	(5)	(16)	23,922
Year ended 31 December 2022			
If RMB weakens against US$	5	3,920	(43,624)
If RMB strengthens against US$	(5)	(3,920)	43,624
Year ended 31 December 2023			
If RMB weakens against US$	5	6,747	(53,344)
If RMB strengthens against US$	(5)	(6,747)	53,344

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(i) Credit risk of trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding trade receivable balances is not significant.

In calculating the expected credit loss rate, the Group considers the historical loss rates for its customers and adjusts for forward-looking macroeconomic data. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information. As at 31 December 2021, 2022 and 2023, the Group had certain concentrations of credit risk as 15.71%, 35.31% and 24.43% of the Group's trade receivables were due from the Group's largest debtor and 55.86%, 76.69% and 59.79% of the Group's trade receivables were due from the Group's five largest debtors, respectively.

(ii) Credit risk of bills receivables, other receivables and financial assets at fair value through other comprehensive income

For bills receivables and financial assets included in prepayment, other receivables, other assets and financial assets at fair value through other comprehensive income, management makes periodic collective assessments as well as individual assessment on the recoverability of these instruments based on historical settlement records and past experiences. At 31 December 2021, 2022 and 2023, the credit ratings of other receivables, bill receivables and financial assets at fair value through other comprehensive income were assessed. The Group assessed that the expected credit losses for these financial assets were not material under the 12-month expected credit loss model. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding bills receivables and other receivable balances is not significant.

(iii) Credit risk of cash and cash equivalents, short-term bank deposits and restricted cash

To manage this risk arising from cash and cash equivalents, short-term bank deposits and restricted cash, they are mainly placed with banks with high credit ratings. There has been no recent history of default in relation to these financial institutions. Based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	74,454	74,454
Bills receivables	116,154	–	–	–	116,154
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,068,856	–	–	–	1,068,856
– Doubtful**	–	9,032	8,268	–	17,300
Cash and cash equivalents	215,658	–	–	–	215,658
	1,400,668	9,032	8,268	74,454	1,492,422

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	129,799	129,799
Bills receivables	12,650	–	–	–	12,650
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,347,810	–	–	–	1,347,810
– Doubtful**	–	16,278	8,268	–	24,546
Financial assets at fair value through other comprehensive income	2,055	–	–	–	2,055
Restricted cash	9,109	–	–	–	9,109
Cash and cash equivalents	203,506	–	–	–	203,506
	1,575,130	16,278	8,268	129,799	1,729,475

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	129,139	129,139
Bills receivables	1,436	–	–	–	1,436
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,659,990	–	–	–	1,659,990
– Doubtful**	–	40,525	5,703	–	46,228
Financial assets at fair value through other comprehensive income	1,602	–	–	–	1,602
Restricted cash	20,481	–	–	–	20,481
Short-term bank deposits	50,000	–	–	–	50,000
Cash and cash equivalents	138,022	–	–	–	138,022
	1,871,531	40,525	5,703	129,139	2,046,898

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

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assists and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2021

	Within 1 year or on demand	1 year to 2 years	2 years to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,568	–	–	–	15,568
Other payables and accruals	88,240	–	–	–	88,240
Interest-bearing bank and other borrowings	517,068	–	–	–	517,068
Convertible redeemable preferred shares	–	–	1,031,077	–	1,031,077
Lease liabilities	53,289	51,194	87,081	645	192,209
	674,165	51,194	1,118,158	645	1,844,162

31 December 2022

	Within 1 year or on demand *RMB'000*	1 year to 2 years *RMB'000*	2 years to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade payables	43,669	–	–	–	43,669
Other payables and accruals	380,519	–	–	–	380,519
Interest-bearing bank and other borrowings	419,939	–	–	–	419,939
Convertible redeemable preferred shares	–	1,031,077	–	–	1,031,077
Lease liabilities	82,753	53,784	98,210	–	234,747
	926,880	1,084,861	98,210	–	2,109,951

31 December 2023

	Within 1 year or on demand *RMB'000*	1 year to 2 years *RMB'000*	2 years to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade payables	50,950	–	–	–	50,950
Other payables and accruals	385,584	–	–	–	385,584
Interest-bearing bank and other borrowings	626,927	–	–	–	626,927
Convertible redeemable preferred shares	1,031,077	–	–	–	1,031,077
Lease liabilities	59,082	45,263	51,194	–	155,539
	2,153,620	45,263	51,194	–	2,250,077

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group regards net assets as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	2,293,763	2,856,325	3,263,595
Total assets	1,811,077	2,076,432	2,302,900
Debt-to-asset ratios	126.65%	137.56%	141.72%

38. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a listing is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure.

On 26 January 2024, Shanghai Trueland entered into an equity joint venture agreement with two third parties to establish a limited company. Shanghai Trueland and the two third parties have committed to subscribe 40%, 30% and 30% of the registered capital of the newly established company at an aggregate consideration of RMB8,000,000, RMB6,000,000 and RMB6,000,000, respectively.

On 1 March 2024, Isle Wealth Limited granted 1,052,640 shares of restricted stock to eligible participants who contribute to the success of the Group.

Except for the aforementioned, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2023.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.