The following is the text of a report set out on pages I-1 to I-41, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LESI GROUP LIMITED AND CHINA SUNRISE CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Lesi Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages I-[4] to I-[41], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2020, 2021, 2022 and 31 May 2023, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023 (the "**Track Record Period**"), and a summary of material accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[4] to I-[41], forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

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

REVIEW OF STUB PERIOD CORRESPONDING FINANCIAL INFORMATION

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the five months ended 31 May 2022 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to note [19(g)] to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

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

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

[●]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

Consolidated statements of comprehensive income

(Expressed in Renminbi ("RMB"))

		Year ended 31 December			Five months ended 31 May	
		2020	2021	2022	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	377,667	470,180	492,570	173,760	260,073
Cost of services		(300,810)	(376,489)	(389,517)	(145,427)	(216,770)
Gross profit		76,857	93,691	103,053	28,333	43,303
Other net income	*5*	4,567	4,660	4,978	1,138	405
Selling and marketing expenses		(2,951)	(3,863)	(4,244)	(1,338)	(1,373)
General and administrative expenses		(22,059)	(23,910)	(26,054)	(10,272)	(10,249)
Impairment losses on trade and other receivables		(1,722)	(7,677)	(5,129)	(2,382)	(6,380)
Profit from operations		54,692	62,901	72,604	15,479	25,706
Finance costs	*6(a)*	(3,018)	(3,232)	(1,591)	(704)	(739)
Profit before income tax	*6*	51,674	59,669	71,013	14,775	24,967
Income tax	*7*	(1,901)	(2,181)	(2,706)	(134)	(969)
Profit for the year/period		49,773	57,488	68,307	14,641	23,998

		Year ended 31 December			Five months ended 31 May	
		2020	**2021**	**2022**	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period		49,773	57,488	68,307	14,641	23,998
Other comprehensive income for the year/period (after tax)						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translation into presentation currency		3	(1)	(118)	(101)	(96)
Other comprehensive income for the year/period		3	(1)	(118)	(101)	(96)
Total comprehensive income for the year/period		49,776	57,487	68,189	14,540	23,902
Profit for the year/period attributable to:						
— Equity shareholders of the Company		49,773	57,488	67,290	14,641	23,754
— Non-controlling interests		—	—	1,017	—	244
		49,773	57,488	68,307	14,641	23,998
Total comprehensive income for the year/period attributable to:						
— Equity shareholders of the Company		49,776	57,487	67,172	14,540	23,658
— Non-controlling interests		—	—	1,017	—	244
		49,776	57,487	68,189	14,540	23,902
Earnings per share	*10*					
Basic and diluted (RMB)		2.5	2.9	3.4	0.7	1.2

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position

(Expressed in RMB)

		At 31 December			At 31 May
		2020	**2021**	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property and equipment	*11*	700	789	553	530
Right-of-use assets	*12*	685	3,428	2,790	1,982
Deferred tax assets	*18(b)*	98	704	189	400
		1,483	4,921	3,532	2,912
Current assets					
Trade and other receivables	*13*	355,262	404,014	439,893	476,259
Restricted bank deposit		423	—	5	1
Cash and cash equivalents	*14(a)*	25,896	55,908	59,195	49,621
		381,581	459,922	499,093	525,881
Current liabilities					
Trade and other payables	*15*	82,750	106,799	92,190	81,332
Contract liabilities	*4*	12,996	16,136	6,394	20,454
Bank and other loans	*16*	47,684	39,876	33,180	33,280
Lease liabilities	*17*	647	1,607	2,282	1,866
Income tax payable	*18(a)*	2,150	4,074	5,756	5,700
Deferred income		423	—	—	—
		146,650	168,492	139,802	142,632
Net current assets		234,931	291,430	359,291	383,249
Total assets less current liabilities		236,414	296,351	362,823	386,161
Non-current liabilities					
Lease liabilities	*17*	58	2,071	572	2
Deferred tax liabilities	*18(b)*	299	736	477	483
		357	2,807	1,049	485
Net assets		236,057	293,544	361,774	385,676
Equity					
Share capital	*19*	5,796	5,796	130	130
Reserves	*19*	230,261	287,748	360,389	384,047
Total equity attributable to equity shareholders of the Company		236,057	293,544	360,519	384,177
Non-controlling interests		—	—	1,255	1,499
Total equity		236,057	293,544	361,774	385,676

The accompanying notes form part of the Historical Financial Information.

Statements of financial position of the Company
(Expressed in RMB)

		As at 31 December			At 31 May
		2020	2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Investment in a subsidiary	*1*	13	13	1,263	1,263
		13	13	1,263	1,263
Current assets					
Other receivables		82	837	132	900
		82	837	132	900
Current liabilities					
Other payables	*15*	13	3,038	6,644	9,199
		13	3,038	6,644	9,199
Net current assets/(liabilities)		69	(2,201)	(6,512)	(8,299)
Total assets less current liabilities		82	(2,188)	(5,249)	(7,036)
Net assets/(liabilities)		82	(2,188)	(5,249)	(7,036)
Equity					
Share capital	*19*	82	82	130	130
Reserves	*19*	—	(2,270)	(5,379)	(7,166)
Total equity/(deficit)		82	(2,188)	(5,249)	(7,036)

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

(Expressed in RMB)

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000 (Note 19(a))	Share premium RMB'000 (Note 19(b))	Capital reserve RMB'000 (Note 19(c))	Exchange reserve RMB'000 (Note 19(d))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		5,714	—	19,286	(1)	161,200	186,199	—	186,199
Issuance of shares	19(a)	82	—	—	—	—	82	—	82
Profit for the year		—	—	—	—	49,773	49,773	—	49,773
Other comprehensive income		—	—	—	3	—	3	—	3
Balance at 31 December 2020 and 1 January 2021		5,796	—	19,286	2	210,973	236,057	—	236,057
Profit for the year		—	—	—	—	57,488	57,488	—	57,488
Other comprehensive income		—	—	—	(1)	—	(1)	—	(1)
Balance at 31 December 2021 and 1 January 2022		5,796	—	19,286	1	268,461	293,544	—	293,544
Issuance of shares	19(a)	41	—	—	—	—	41	—	41
Issuance of ordinary shares to shareholders of the Company in connection with the Reorganisation		7	1,243	—	—	—	1,250	—	1,250
Effect of reorganisation		(5,714)	—	4,226	—	—	(1,488)	238	(1,250)
Profit for the year		—	—	—	—	67,290	67,290	1,017	68,307
Other comprehensive income		—	—	—	(118)	—	(118)	—	(118)
Balance at 31 December 2022 and 1 January 2023		130	1,243	23,512	(117)	335,751	360,519	1,255	361,774
Profit for the period		—	—	—	—	23,754	23,754	244	23,998
Other comprehensive income		—	—	—	(96)	—	(96)	—	(96)
Balance at 31 May 2023		130	1,243	23,512	(213)	359,505	384,177	1,499	385,676
(Unaudited)									
Balance at 1 January 2022		5,796	—	19,286	1	268,461	293,544	—	293,544
Issuance of shares	19(a)	41	—	—	—	—	41	—	41
Profit for the period		—	—	—	—	14,641	14,641	—	14,641
Other comprehensive income		—	—	—	(101)	—	(101)	—	(101)
Balance at 31 May 2022		5,837	—	1,9286	(100)	283,102	308,125	—	308,125

The accompanying notes form part of the Historical Financial Information.

Consolidated cash flow statements

(Expressed in RMB)

		Year ended 31 December			Five months ended 31 May	
		2020	2021	2022	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities						
Net cash (used in)/generated from operations	*14(b)*	(13,697)	43,671	15,292	8,294	(6,087)
Income tax paid	*18(a)*	(610)	(426)	(768)	(687)	(1,230)
Net cash (used in)/generated from operating activities		(14,307)	43,245	14,524	7,607	(7,317)
Cash flows from investing activities						
Payment for the purchase of property and equipment		(178)	(387)	(38)	(28)	(55)
Loans to third parties		(94,200)	(44,000)	—	—	—
Loans repaid by third parties		94,700	44,000	—	—	—
Interest from third parties received		66	232	—	—	—
Proceeds from sale of property and equipment		—	—	14	—	—
Net cash generated from/(used in) investing activities		388	(155)	(24)	(28)	(55)
Cash flows from financing activities						
Proceeds from bank and other loans	*14(c)*	102,148	129,947	28,600	11,000	10,900
Repayment of bank and other loans	*14(c)*	(94,238)	(137,697)	(35,460)	(25,000)	(10,900)
Capital element of lease rentals paid	*14(c)*	(1,359)	(1,368)	(1,863)	(837)	(986)
Interest paid	*14(c)*	(2,202)	(2,048)	(1,186)	(316)	(471)
Transaction fees paid	*14(c)*	(545)	(1,164)	(240)	—	—
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from/(used in) financing activities		3,804	(13,077)	(11,207)	(16,005)	(2,201)
Net (decrease)/increase in cash and cash equivalents		(10,115)	30,013	3,293	(8,426)	(9,573)
Cash and cash equivalents at the beginning of the year/period		36,016	25,896	55,908	55,908	59,195
Effect of foreign exchange rate changes		(5)	(1)	(6)	(3)	(1)
Cash and cash equivalents at the end of the year/period	*14*	25,896	55,908	59,195	47,479	49,621

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Lesi Group Limited (the "Company", formerly known as "Lesi Technology Holdings Limited" and "Evercreate Technology Limited") was incorporated in the Cayman Islands on 22 June 2020 as an exempted company with limited liability.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation below. The Company and its subsidiaries (together, "the Group") are principally engaged in the provision of mobile advertising services.

Prior to the incorporation of the Company, the principal business of the Group has been operated under Beijing Lesimedia Technology Co., Ltd. ("Beijing Lesimedia") and its subsidiaries. To rationalise the corporate structure in preparation of the [REDACTED] of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company was incorporated and underwent a corporate reorganisation (the "Reorganisation"), as detailed in the section headed "History and development" in the Document. Upon completion of the Reorganisation on 21 July 2022, the Company became the holding company of the companies now comprising the Group. Beijing Lesimedia was controlled by Mr. Zhao Libing (Mr. Zhao) before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and business of the Group. The Reorganisation only involved inserting some newly formed entities with no substantive operations as the new holding company of Beijing Lesimedia. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial statements of Beijing Lesimedia and its subsidiaries with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Track Record Period as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2020, 2021, 2022 and 31 May 2023 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation or establishment, where applicable. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company. Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of establishment and operations	Particulars of registered/paid up capital	Proportion of ownership interest indirectly held by the Company	Principal activities
Beijing Lesimedia (北京樂思創信科技有限公司)	The People's Republic of China ("PRC"), 9 January 2009	RMB5,714,300/ RMB5,714,300	99.05%	Mobile advertising services
Khorgos Lechuang Information Technology Co., Ltd. (霍爾果斯樂創信息科技有限公司)	PRC, 9 January 2017	RMB3,000,000/ RMB–	99.05%	Mobile advertising services
Beijing Lexiao Information Technology Co., Ltd. (北京樂效信息科技有限公司)	PRC, 26 June 2018	RMB1,000,000/ RMB1,000,000	99.05%	Mobile advertising services
Khorgos Lemon Technology Co., Ltd. (霍爾果斯檸檬科技有限公司)	PRC, 23 July 2020	RMB1,000,000/ RMB–	99.05%	Mobile advertising services
Hunan Lesimedia Technology Co., Ltd. (湖南樂思創信科技有限公司)	PRC, 9 November 2021	RMB2,000,000/ RMB–	99.05%	Mobile advertising services

All these principal subsidiaries are limited liability companies established in the PRC. There are no statutory financial statements prepared for these companies during the Track Record Period.

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

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

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2023 and which are not yet adopted by the Group are set out in Note 22.

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

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

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

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement and presentation

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The Company has its functional currency in Hong Kong dollars. As majority of the Group's operations are conducted by the Group's subsidiaries in the PRC in RMB, the Historical Financial Information is presented in RMB.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries and non-controlling interests

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

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(i) or 2(k), depending on the nature of the liability.

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

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

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

(d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(f)(ii)).

The cost of self-constructed items of property and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(q)).

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

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

— Office equipment	5 years
— Motor vehicles	5 years
— Right-of-use assets	Shorter of assets' useful life or the lease term

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

(e) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

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

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (see Note 2(d)) and impairment losses (see Note 2(f)(ii)). The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the contract of the right-of-use assets reflects that the Group will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying asset.

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

The Group presents right-of-use assets in right-of-use assets and presents lease liabilities separately in the statement of financial position.

(f) Credit loss and impairment of assets

(i) Credit loss from financial instruments and contract assets

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

Measurement of ECLs

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

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

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

Significant increases in credit risk

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

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

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

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

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

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

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

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

Basis of calculation of interest income

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

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

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

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

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

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

— property and equipment;

— right-of-use assets; and

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

If any such indication exists, the assets' recoverable amount is estimate.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be one on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

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

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

(g) Contract liabilities

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the note(see Note 2(o)).

(h) Trade and other receivables

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

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

(i) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoiced amounts.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within 3 months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(f)(i).

(k) Interest-bearing borrowings

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

(l) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

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

(ii) Termination benefits

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

(m) Income tax

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

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

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

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

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

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

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

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

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

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

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

    — the same taxable entity; or

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

(n) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of 1 or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

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

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

The method the Group recognises revenue from its mobile advertising services is affected by the role under each contract with customers. For contracts where the Group acts as a principal, the Group recognises revenue on a gross basis, while for contracts where the Group is acting as an agent, the Group recognises revenue on a net basis.

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

The Group takes advantage of the practical expedient in paragraph 94 of IFRS 15 and recognise the incremental costs of obtaining a contract as an expense if the amortisation of the asset is less than 1 year.

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

(i) Mobile advertising solutions services

The Group provides mobile advertising solutions services, including traffic acquisition from media platforms, content production and advertising campaign optimisation to its customers. The Group recognises revenue when the Group satisfies a performance obligation by transferring the promised service to a customer.

In the arrangement which the Group is acting as a principal and is the primary obligor and responsible for fulfilling the contract, has the power to control the process of content generation that meet the customer's need, revenue is determined based on the gross amount of sales excluding value added tax or other sales taxes, and after deduction of any trade discounts and rebates to advertisers. The Group has control in the specified service before that service is delivered to the advertiser and act as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis.

(ii) Advertisement distribution services

The Group provides traffic acquisition service to distribute the advertisements produced by the advertisers. The advertisements are published on the targeted media platforms as determined by the advertisers.

The Group does not control the specified service before the service is delivered to the customer. The Group acts as an agent and reports the amount received from the customers and amounts paid to the media partners related to these transactions on a net basis.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(f)(i)).

(iv) Government grants

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

Significant judgements in the determination of revenue recognition on gross or net basis are set out in Note 3.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, expect those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

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

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

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the year in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(r) Research and development expenses

Expenditure on research activities is recognised in profit or loss as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. Other development expenditure is recognised as an expense in the period in which it is incurred.

(s) Related parties

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

a. has control or joint control over the Group;

b. has significant influence over the Group; or

c. is a member of the key management personnel of the Group or the Group's parent.

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

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

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

c. Both entities are joint ventures of the same third party.

d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

e. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

f. The entity is controlled or jointly controlled by a person identified in Note 2(s)(i).

g. A person identified in Note 2(s)(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).

h. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision-maker ("CODM"), who is responsible for allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

The Group determined that it only has 1 operating segment during the Track Record Period.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Critical accounting judgements in applying the Group's accounting policies

(i) Determination of revenue recognition on gross or net basis

As disclosed in 2(o), the Group provides mobile advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to customer, the indicators of which include but not limited to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified goods or service. The management 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.

(b) Sources of estimation uncertainty

(i) Rebate from media partners

Media partners 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 partners come with a variety of structures and rates, which are primarily determined based on the contract terms with these media partners, their applicable rebate policies, the business performances of the Group and the discretionary incentive programmes as set up by the media partners.

The Group accrues rebates from media partners 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 judgement and estimation. In making this judgement and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. The actual rebates may be higher or lower than estimated at the end of reporting period, which would affect the revenue or cost of sales recognised in future years as an adjustment to the amounts recorded to date.

(ii) Allowance for credit losses

Management estimates credit loss allowance using a provision matrix based on the Group's historical credit loss experience, included customer credit-worthiness, and historical write-off experience, and adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If the financial conditions of the customers were to deteriorate, additional allowance may be required.

4 REVENUE

(a) Revenue from contracts with customers

The principal activities of the Group are providing mobile advertising solutions services and advertisement distribution services to customers. The amount of each significant category of revenue from contracts with customers within scope of IFRS 15 recognised at a point in time is as follows:

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Mobile advertising solutions services — gross method	343,438	433,250	454,156	160,705	246,749
Advertisement distribution services — net method	34,229	36,930	38,414	13,055	13,324
	377,667	470,180	492,570	173,760	260,073

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	117,234	90,013	*	26,214	39,108
Customer D	111,832	*	*	*	*
Customer H	*	112,646	80,366	35,317	*
Customer I	*	56,267	*	*	*
Customer J	*	*	53,880	*	*
Customer O	*	*	*	20,845	*
Customer M	*	*	*	*	60,916
Customer N	*	*	*	*	29,728

* *Less than 10% of the Group's revenue in the respective period.*

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than 1 year.

(b) Geographic information

The Group's operations are mainly located in the PRC. All of the Group's revenue is generated from its external customers in the PRC and the Group's non-current assets are located in the PRC.

(c) Contract liabilities related to contacts with customers

Contract liabilities of the Group mainly arise from the advance payments made by customers while the advertising services are yet to be provided.

All contract liabilities at the beginning of each reporting period were recognised as revenue in the respective reporting period.

5 OTHER NET INCOME

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	379	210	146	97	102
Additional deductible value added tax ("VAT") *(note)*	4,313	4,753	3,794	1,212	871
Others	(125)	(303)	1,038	(171)	(568)
	4,567	4,660	4,978	1,138	405

Note:

Pursuant to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (Cai Shui Haiguan [2019] No. 39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the Group's subsidiaries, as modern service companies, qualify for additional 10% deduction of input VAT from output VAT during the years ended 31 December 2020 and 2021. In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration Regarding the VAT Policies for Promoting the Bailout and Development of Distressed Industries in the Service Sector ([2022] No. 11), the above policies are extended to 31 December 2022.

According to the Announcement of the Ministry of Finance and the State Taxation Administration ([2023] No. 1), the Group's subsidiaries, as modern service companies, qualify for additional 5% deduction of input VAT from output VAT during the year ending 31 December 2023. The additional deduction is recognised as other income.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expense	2,956	3,096	1,434	637	689
Interest on lease liabilities	62	136	157	67	50
	3,018	3,232	1,591	704	739

(b) Staff costs

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and other benefits	17,590	21,181	19,891	7,487	7,157
Contributions to defined contribution retirement plan	285	2,374	2,657	1,043	1,042
	17,875	23,555	22,548	8,530	8,199

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

In an effort to provide support to enterprises during the COVID-19 pandemic, the PRC government authorities have granted partial exemption to the contributions to social insurance, including the contribution to retirement scheme, during the period from February 2020 to December 2020.

(c) Other items

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation of property and equipment and right-of-use assets	1,618	1,853	1,922	767	886
Impairment losses on trade and other receivables	1,722	7,677	5,129	2,382	6,380
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statements of comprehensive income represents:

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax	1,734	2,350	2,450	1,404	1,174
Deferred tax	167	(169)	256	(1,270)	(205)
Income tax expense	1,901	2,181	2,706	134	969

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

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before taxation	51,674	59,669	71,013	14,775	24,967
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	12,920	15,486	18,832	4,159	6,669
Tax effect of:					
Non-deductible expenses	304	598	219	60	344
Additional deductible allowance for research and development expenses	(666)	(826)	(1,771)	(324)	(750)
Utilisation of temporary differences previously not recognised	—	—	(509)	(442)	(33)
Statutory tax concession	(10,872)	(13,090)	(14,129)	(3,355)	(5,268)
Others	215	13	64	36	7
Actual tax expense	1,901	2,181	2,706	134	969

In accordance with the Enterprise Income Tax Law ("Income Tax Law") of the PRC, the statutory income tax rate is 25%. The group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Pursuant to the rules and regulations of Khorgos, Khorgos Lechuang Information Technology Co., Ltd. and Khorgos Lemon Technology Co., Ltd. are entitled to a tax-free period from 2017 to 2021 and 2020 to 2024, respectively. Khorgos Lechuang Information Technology Co., Ltd. also enjoys a preferential tax rate of 15% from 2022 to 2026.

According to the Income Tax Law, entities that qualified as high-tech enterprises enjoy a preferential tax rate of 15%. Beijing Lesimedia is recognised as a high-tech enterprise and enjoyed the preferential tax rate from December 2020 to December 2023.

In addition, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations. From 1 October 2022, according to the announcement published by the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology ([2022] No. 28), deductible rate increased from 75% to 100%. The deductible rate of 100% becomes a long term applicable rate, confirmed by the announcement issued by the Ministry of Finance and the State Taxation Administration in 2023 ([2023] No. 7).

Taxation for group entities in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments are as follows:

	Year ended 31 December 2020				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Libing	—	949	20	4	973
Mr. Yu Canliang	—	238	20	2	260
Mr. Nie Jiang	—	477	50	2	529
Ms. Shu Qing	—	161	12	1	174
	—	1,825	102	9	1,936

	Year ended 31 December 2021				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Libing	—	295	140	38	473
Mr. Yu Canliang	—	295	140	38	473
Mr. Nie Jiang	—	675	50	53	778
Ms. Shu Qing	—	187	120	25	332
	—	1,452	450	154	2,056

	Year ended 31 December 2022				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Libing	—	313	140	60	513
Mr. Yu Canliang	—	313	140	60	513
Mr. Nie Jiang	—	673	50	60	783
Ms. Shu Qing	—	233	120	47	400
Non-executive director					
Ms. Chang Qing	—	—	—	—	—
	—	1,532	450	227	2,209

	Five months ended 31 May 2023				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Libing	—	125	—	19	144
Mr. Yu Canliang	—	125	—	19	144
Mr. Nie Jiang	—	282	—	26	308
Ms. Shu Qing	—	79	—	12	91
Non-executive directors					
Ms. Chang Qing	—	—	—	—	—
	—	611	—	76	687

	Five months ended 31 May 2022 (unaudited)				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Libing	—	129	—	23	152
Mr. Yu Canliang	—	129	—	23	152
Mr. Nie Jiang	—	279	—	23	302
Ms. Shu Qing	—	105	—	19	124
Non-executive directors					
Ms. Chang Qing	—	—	—	—	—
	—	642	—	88	730

The directors of the Company were appointed on the following dates.

Executive directors	**Date of appointment**
Mr. Zhao Libing	30 June 2020
Mr. Yu Canliang	30 June 2020
Mr. Nie Jiang	1 August 2022
Ms. Shu Qing	1 August 2022

Non-executive director	**Date of appointment**
Ms. Chang Qing	1 August 2022

Independent non-executive directors	**Date of appointment**
Mr. Lu Yao	[●]
Ms. Zheng Hong	[●]
Mr. Hu Hui	[●]

The directors' emoluments represented the amounts paid or payable for their services rendered to the Group during the Track Record Period, including those for services rendered by them as key management personnel prior to their appointments as directors of the Company.

There was no incentive payment for joining the Group or compensation for loss of office paid or payable to any of the directors during the Track Record Period. There was no arrangement under which a director has waived or agreed to waive any remuneration during the Track Record Period.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The 5 individuals whose emoluments were the highest in the Group include 2, 3, 3, 1 (unaudited), and 1 directors for the years ended 31 December 2020, 2021, 2022 and five months ended 31 May 2022 and 2023, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining 3, 2, 2, 4 (unaudited), and 4 highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and other emoluments	1,036	1,080	1,089	708	834
Discretionary bonuses	248	259	31	—	—
Retirement scheme contributions	12	106	110	88	103
	1,296	1,445	1,230	796	937

The emoluments of the above individuals with the highest emoluments are respectively within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Nil to HK$1,000,000	3	2	2	4	4

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the 5 highest paid individuals during the Track Record Period.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the Track Record Period is based on the profit for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As disclosed in Note 1 and Note 19(a), the Group underwent a Reorganisation in July 2022 and the Company became the holding company of the Group by issuing 20,000,000 shares to the owners of the Group. For the purpose of calculating basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue in the Track Record Period was determined as if the exchange had retrospectively occurred on 1 January 2020.

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
				(Unaudited)	
Profit attributable to ordinary equity shareholders of the Company *(RMB'000)*	49,773	57,488	67,290	14,641	23,754
Weighted average number of ordinary shares (deemed to be) in issue *('000)*	20,000	20,000	20,000	20,000	20,000
Basic earnings per share (expressed in RMB per share)	2.5	2.9	3.4	0.7	1.2

The basic earnings per share have not been adjusted for the proposed [REDACTED] disclosed in note 23.

(b) Diluted earnings per share

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the Track Record Period.

11 PROPERTY AND EQUIPMENT

	Office equipment *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
Cost:			
At 1 January 2020	862	556	1,418
Additions	177	—	177
At 31 December 2020 and 1 January 2021	1,039	556	1,595
Additions	360	—	360
Disposals	(79)	—	(79)
At 31 December 2021 and 1 January 2022	1,320	556	1,876
Additions	34	—	34
Disposals	(98)	—	(98)
At 31 December 2022 and 1 January 2023	1,256	556	1,812
Additions	55	—	55
At 31 May 2023	1,311	556	1,867

	Office equipment *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
Accumulated depreciation:			
At 1 January 2020	260	374	634
Charge for the year	172	89	261
At 31 December 2020 and 1 January 2021	432	463	895
Charge for the year	216	39	255
Written back on disposals	(63)	—	(63)
At 31 December 2021 and 1 January 2022	585	502	1,087
Charge for the year	219	26	245
Written back on disposals	(73)	—	(73)
At 31 December 2022 and 1 January 2023	731	528	1,259
Charge for the period	78	—	78
At 31 May 2023	809	528	1,337
Net book value:			
At 31 December 2020	607	93	700
At 31 December 2021	735	54	789
At 31 December 2022	525	28	553
At 31 May 2023	502	28	530

12 RIGHT-OF-USE ASSETS

	Year ended 31 December			**Five months ended 31 May**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At 1 January	1,606	685	3,428	3,428	2,790
Additions	436	4,341	1,039	—	—
Depreciation for the year/period	(1,357)	(1,598)	(1,677)	(653)	(808)
At 31 December	685	3,428	2,790	2,775	1,982

The right-of-use assets represented the leased office premises.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Depreciation charge of right-of-use assets	1,357	1,598	1,677	653	808
Short-term lease	211	581	634	238	197
Interest on lease liabilities	62	136	157	67	50

The addition of right-of-use assets during the Track Record Period represent the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in Notes 14(d) and 17 respectively.

13 TRADE AND OTHER RECEIVABLES

		At 31 December			At 31 May
		2020	**2021**	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	*(a)*	176,066	183,034	157,833	149,251
Prepayments to suppliers	*(b)*	146,726	179,316	251,084	293,866
Deposits paid to media partners		20,944	22,478	10,024	8,090
Deductible input VAT		4,966	5,848	7,297	6,478
[REDACTED] to be capitalised		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Rebates due from media partners		5,136	9,627	8,001	8,979
Amounts due from shareholder *(Note 21)*		82	82	123	123
Other deposits		879	876	1,097	2,859
Others		463	136	452	928
		355,262	404,014	439,893	476,259

All of the trade and other receivables are expected to be recovered or recognised as expense within 1 year.

(a) Ageing analysis of trade receivables

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

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	151,502	153,321	143,160	118,111
6 months to 12 months	20,768	18,544	11,496	29,035
12 months to 24 months	3,796	11,169	3,177	2,105
More than 24 months	—	—	—	—
	176,066	183,034	157,833	149,251

The credit terms agreed with customers are normally 0–90 days from the date of invoicing. No interests are charged on the trade receivables. Further details on the Group's credit policy are set out in Note 20(a). During the year ended 31 December 2022, the Group factored trade receivables of RMB48.3 million to a financial institution without resource and the receivables were derecognised in its entirety.

(b) Prepayments to suppliers mainly represented the traffic acquisition costs prepaid for the customers of the Group.

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.6%	2.4%	2.9%	3.9%
Prepayments to suppliers	149,118	183,791	258,713	305,792
Provision made	(2,392)	(4,475)	(7,629)	(11,926)
Prepayments to suppliers, net of provision made	146,726	179,316	251,084	293,866

14 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	219	46	—	—
Cash at bank	25,677	55,862	59,195	49,621
	25,896	55,908	59,195	49,621

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

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before income tax	51,674	59,669	71,013	14,775	24,967
Adjustments for:					
Impairment losses on trade and other receivables	1,722	7,677	5,129	2,382	6,380
Depreciation	1,618	1,853	1,922	767	886
Finance costs	3,018	3,232	1,591	704	739
Interest income from third parties	(250)	(48)	—	—	—
Net loss on disposal of property and equipment	—	15	12	—	—
Changes in working capital:					
Changes in trade and other receivables	(37,522)	(54,603)	(39,125)	(1,939)	(41,253)
Changes in restricted bank deposit	(409)	423	(5)	(60)	4
Changes in trade and other payables	(29,532)	22,736	(15,503)	(6,287)	(11,870)
Changes in contract liabilities	(4,425)	3,140	(9,742)	(2,048)	14,060
Changes in deferred income	409	(423)	—	—	—
Cash (used in)/generated from operations	(13,697)	43,671	15,292	8,294	(6,087)

(c) Reconciliation of liabilities arising from financing activities:

	Bank and other loans *RMB'000* *(Note 16)*	**Interest payable** *RMB'000* *(Note 15)*	**Lease liabilities** *RMB'000* *(Note 17)*	**Total** *RMB'000*
At 1 January 2020	39,527	24	1,628	41,179
Changes from financing cash flows:				
Proceeds from bank and other loans	102,148	—	—	102,148
Repayment of bank and other loans	(94,238)	—	—	(94,238)
Capital element of lease rentals paid	—	—	(1,359)	(1,359)
Interest paid	—	(2,140)	(62)	(2,202)
Transaction fees paid	(545)	—	—	(545)
Total changes from financing cash flows	7,365	(2,140)	(1,421)	3,804
Other changes:				
Interest expenses *(Note 6)*	792	2,164	62	3,018
Increase in lease liabilities from entering into new leases during the year	—	—	436	436
Total other changes	792	2,164	498	3,454
At 31 December 2020	47,684	48	705	48,437
At 1 January 2021	47,684	48	705	48,437
Changes from financing cash flows:				
Proceeds from bank and other loans	129,947	—	—	129,947
Repayment of bank and other loans	(137,697)	—	—	(137,697)
Capital element of lease rentals paid	—	—	(1,368)	(1,368)
Interest paid	—	(1,912)	(136)	(2,048)
Transaction fees paid	(1,164)	—	—	(1,164)
Total changes from financing cash flows	(8,914)	(1,912)	(1,504)	(12,330)
Other changes:				
Interest expenses *(Note 6)*	1,106	1,990	136	3,232
Increase in lease liabilities from entering into new leases during the year	—	—	4,341	4,341
Total other changes	1,106	1,990	4,477	7,573
At 31 December 2021	39,876	126	3,678	43,680

	Bank and other loans *RMB'000* *(Note 16)*	Interest payable *RMB'000* *(Note 15)*	Lease liabilities *RMB'000* *(Note 17)*	Total *RMB'000*
At 1 January 2022	39,876	126	3,678	43,680
Changes from financing cash flows:				
Proceeds from bank and other loans	28,600	—	—	28,600
Repayment of bank and other loans	(35,460)	—	—	(35,460)
Capital element of lease rentals paid	—	—	(1,863)	(1,863)
Interest paid	—	(1,029)	(157)	(1,186)
Transaction fees paid	(240)	—	—	(240)
Total changes from financing cash flows	(7,100)	(1,029)	(2,020)	(10,149)
Other changes:				
Interest expenses *(Note 6)*	404	1,030	157	1,591
Increase in lease liabilities from entering into new leases during the year	—	—	1,039	1,039
Total other changes	404	1,030	1,196	2,630
At 31 December 2022	33,180	127	2,854	36,161
At 1 January 2023	33,180	127	2,854	36,161
Changes from financing cash flows:				
Proceeds from bank and other loans	10,900	—	—	10,900
Repayment of bank and other loans	(10,900)	—	—	(10,900)
Capital element of lease rentals paid	—	—	(986)	(986)
Interest paid	—	(421)	(50)	(471)
Total changes from financing cash flows	—	(421)	(1,036)	(1,457)
Other changes:				
Interest expenses *(Note 6)*	100	589	50	739
Total other changes	100	589	50	739
At 31 May 2023	33,280	295	1,868	35,443

	Bank and other loans	Interest payable	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 16)	*(Note 15)*	*(Note 17)*	
(Unaudited)				
At 1 January 2022	39,876	126	3,678	43,680
Changes from financing cash flows:				
Proceeds from bank and other loans	11,000	—	—	11,000
Repayment of bank and other loans	(25,000)	—	—	(25,000)
Capital element of lease rentals paid	—	—	(837)	(837)
Interest paid	—	(249)	(67)	(316)
Total changes from financing cash flows	(14,000)	(249)	(904)	(15,153)
Other changes:				
Interest expenses *(Note 6)*	264	373	67	704
Total other changes	264	373	67	704
At 31 May 2022	26,140	250	2,841	29,231

(d) Total cash outflow for leases

Amounts included in the cash flow statements for lease rental paid are as follows

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Within operating cash flows	211	494	666	264	220
Within financing cash flows	1,421	1,504	2,020	904	1,036
	1,632	1,998	2,686	1,168	1,256

15 TRADE AND OTHER PAYABLES

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	27,446	46,377	44,478	25,297
Cost payable to media partners on behalf of customers	31,826	28,570	10,559	13,375
Other taxes and levies payables	10,193	9,950	12,916	13,694
Staff cost payables	5,193	7,932	8,529	7,318
Customers deposits	6,689	4,067	2,700	2,760
Interest payable	48	126	127	295
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amounts due to directors *(Note 21)*	30	866	9	9
Other current liabilities	780	968	384	1,227
Other payables	545	552	1,116	1,973
	82,750	106,799	92,190	81,332

The other payables at the Company's statement of financial position as at 31 December 2021 and 2022 and 31 May 2023 mainly represented [REDACTED] and amounts due to directors (Note 21).

All of the trade and other payables are expected to be settled or recognised in profit or loss within 1 year or are repayable on demand.

Ageing analysis of trade payables

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

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	24,813	36,243	29,196	24,828
3 to 6 months	1,947	10,033	12,042	425
6 months to 1 year	663	26	3,240	—
1 to 2 years	23	61	—	44
2 to 3 years	—	14	—	—
	27,446	46,377	44,478	25,297

16 BANK AND OTHER LOANS

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
— Guaranteed	35,674	34,616	15,780	15,880
— Unsecured	7,010	5,260	7,400	7,400
— Secured	—	—	10,000	10,000
Unsecured shareholder's loan *(Note 21)*	5,000	—	—	—
	47,684	39,876	33,180	33,280

The guaranteed bank loans were guaranteed by Mr. Yu Canliang, Mr. Zhao Libing and independent guarantee companies. Mr. Yu Canliang, Ms. Shu Qing, Mr. Zhao Libing and Ms. Wu Lili, a former spouse of Mr. Zhao Libing, pledged their assets to these guarantee companies as counter-guarantees.

The lender of guaranteed bank loans and the independent guarantee company have agreed to release all the personal guarantees on the date the Group receives the approval of [REDACTED] of the Company's shares from the Stock Exchange.

The secured bank loans were secured by the Group's trade receivables.

Shareholder's loan as at 31 December 2020 is unsecured, interest-bearing at 3.3% per annum and repayable within 1 year.

All bank and other loans were repayable within 1 year.

17 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

	At 31 December			At 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	647	1,607	2,282	1,866
After 1 year	58	2,071	572	2
	705	3,678	2,854	1,868

18 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current tax in the consolidated statements of financial position

Movements of income tax payable during the Track Record Period are as follows:

	Year ended 31 December			Five months ended 31 May	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At 1 January	1,026	2,150	4,074	4,074	5,756
Provision for PRC Income Tax	1,734	2,350	2,450	1,404	1,174
PRC income tax paid	(610)	(426)	(768)	(687)	(1,230)
At 31 December/31 May	2,150	4,074	5,756	4,791	5,700

(b) Deferred tax assets/(liabilities) recognised

(i) Components and movements of deferred tax assets/liabilities are as follows:

	Credit loss allowance	Right-of-use assets	Lease liabilities	Accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	61	241	(241)	(95)	(34)
Credited/(charged) to profit or loss	37	(138)	138	(204)	(167)
At 31 December 2020	98	103	(103)	(299)	(201)
At 1 January 2021	98	103	(103)	(299)	(201)
Credited/(charged) to profit or loss	606	412	(412)	(437)	169
At 31 December 2021	704	515	(515)	(736)	(32)
At 1 January 2022	704	515	(515)	(736)	(32)
(Charged)/credited to profit or loss	(515)	(204)	204	259	(256)
At 31 December 2022	189	311	(311)	(477)	(288)
At 1 January 2023	189	311	(311)	(477)	(288)
Credited/(charged) to profit or loss	211	(114)	95	13	205
At 31 May 2023	400	197	(216)	(464)	(83)

(ii) Reconciliation to the consolidated statements of financial position

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	98	704	189	400
Deferred tax liabilities	(299)	(736)	(477)	(483)
	(201)	(32)	(288)	(83)

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

For the purpose of the Historical Financial Information, the share capital of the Group prior to the completion of Reorganisation represents the paid-in capital of Beijing Lesimedia and the share capital of the Company. After the completion of Reorganisation, share capital as at 31 December 2022 and 31 May 2023 represents the share capital of the Company.

(i) Share capital of the Company

	At 31 December 2020 and 2021		At 31 December 2022 and 31 May 2023	
	Number of shares'000	*US$'000*	*Number of shares'000*	*US$'000*
Authorised:				
Ordinary shares of US$0.001 each	20,000	20	5,000,000	5,000

On 1 April 2022, the authorised share capital of the Company was increased to 5,000,000,000 shares of US$0.001 each by creation of an additional 4,980,000,000 shares of US$0.001 each.

In 2020, 12,626,050 shares were issued at US$0.001 each. On 1 April 2022, 6,373,950 shares were issued at US$0.001 each. On 21 July 2022, 1,000,000 shares were issued, the consideration of which was settled by the transfer of 5% equity interest in Beijing Lesimedia by a [REDACTED] investor to a subsidiary of the Company.

(b) Share premium

The share premium represented the difference between the consideration received and par value of issued shares of the Company.

(c) Capital reserve

Capital reserve represents the difference between the proceeds received from the equity holder and the paid-in capital of Beijing Lesimedia Technology Co., Ltd.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 2(p).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

For the purpose of capital management, the Group consists of total equity of the Group as disclosed in the statement of changes in equity.

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

(f) Movements in components of equity

The changes of each component of the Group's consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity. Details of changes in the Company's individual components of equity during the Track Record Period are set out below:

	Note	**Share capital** *RMB'000*	**Share premium** *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
Balance at 22 June 2020 (date of incorporation)		—	—	—	—	—
Issuance of shares	*19(a)*	82	—	—	—	82
Balance at 31 December 2020 and 1 January 2021		82	—	—	—	82
Total comprehensive income		—	—	(2)	(2,268)	(2,270)
Balance at 31 December 2021 and 1 January 2022		82	—	(2)	(2,268)	(2,188)
Issuance of shares	*19(a)*	41	—	—	—	41
Issuance of ordinary shares to shareholders of the Company in connection with the Reorganisation	*19(a)*	7	1,243	—	—	1,250
Total comprehensive income		—	—	(113)	(4,239)	(4,352)
Balance at 31 December 2022 and 1 January 2023		130	1,243	(115)	(6,507)	(5,249)
Total comprehensive income		—	—	(94)	(1,693)	(1,787)
Balance at 31 May 2023		130	1,243	(209)	(8,200)	(7,036)
(Unaudited) **Balance at 1 January 2022**		82	—	(2)	(2,268)	(2,188)
Issuance of shares	*19(a)*	41	—	—	—	41
Total comprehensive income		—	—	(98)	(1,810)	(1,908)
Balance at 31 May 2022		123	—	(100)	(4,078)	(4,055)

(g) Dividends

The directors of the Company did not propose the payment of any dividend during the Track Record Period.

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below. The Group is not exposed to significant currency risk.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The carrying amount of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing of receivables. The expected loss rates are based on the payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The recognition and measurement method of loss allowance for trade receivables is measured based on similar credit risk characteristics. The Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and considering the trade receivables ageing and expected credit loss rate during the lifetime.

The loss allowance for trade receivables from customers at the end of each reporting period was determined as follows:

	At 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
Within 6 months	0.7%	152,514	(1,012)
6 months to 12 months	2.6%	21,318	(550)
12 months to 24 months	6.9%	4,078	(282)
More than 24 months	100.0%	—	—
		177,910	(1,844)

	At 31 December 2021		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Within 6 months	1.6%	155,773	(2,452)
6 months to 12 months	3.6%	19,243	(699)
12 months to 24 months	13.9%	12,972	(1,803)
More than 24 months	100.0%	—	—
		187,988	(4,954)

	At 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Within 6 months	1.0%	144,610	(1,450)
6 months to 12 months	3.9%	11,959	(463)
12 months to 24 months	22.1%	4,077	(900)
More than 24 months	100.0%	223	(223)
		160,869	(3,036)

	At 31 31 May 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Within 6 months	1.0%	119,252	(1,141)
6 months to 12 months	6.2%	30,938	(1,903)
12 months to 24 months	49.5%	4,164	(2,059)
More than 24 months	100%	11	(11)
		154,365	(5,114)

Expected loss rates are based on actual loss experience over the past 2-3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December			Five months ended 31 May
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	525	1,844	4,954	3,036
Impairment losses recognised	1,319	5,594	1,948	2,078
Amounts written off	—	(2,484)	(3,866)	—
At the end of the reporting period	1,844	4,954	3,036	5,114

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity management and cash management, including the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

	At 31 December 2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	72,557	—	—	—	72,557	72,557
Bank and other loans	48,695	—	—	—	48,695	47,684
Lease liabilities	659	59	—	—	718	705
Total	121,911	59	—	—	121,970	120,946

	At 31 December 2021 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	96,849	—	—	—	96,849	96,849
Bank and other loans	40,975	—	—	—	40,975	39,876
Lease liabilities	1,749	1,831	310	—	3,890	3,678
Total	139,573	1,831	310	—	141,714	140,403

	At 31 December 2022 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	79,274	—	—	—	79,274	79,274
Bank and other loans	34,405	—	—	—	34,405	33,180
Lease liabilities	2,371	580	—	—	2,951	2,854
Total	116,050	580	—	—	116,630	115,308

	At 31 May 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	67,638	—	—	—	67,638	67,638
Bank and other loans	34,198	—	—	—	34,198	33,280
Lease liabilities	1,914	3	—	—	1,917	1,868
Total	103,750	3	—	—	103,753	102,786

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2020 and 2021, the Group's borrowings were fixed rate loans. As at 31 December 2022 and 31 May 2023, RMB10 million of bank loans were variable rate loans while the rest of the borrowings were fixed rate loans. Fluctuation of interest rate will not have significant impact to the Group.

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

All members of key management personnel are directors of the Company. Their remuneration is disclosed in note 8.

(b) Related party balances and transactions

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Name of related parties	**Nature of relationship**
Mr. Zhao Libing	One of the beneficial owners and a key management of the Company
Mr. Yu Canliang	One of the beneficial owners and a key management of the Company
Ms. Shu Qing	One of the beneficial owners and a key management of the Company
Ka Lok Holdings Limited	Parent company of the Company

(i) Non-trade balance with related parties:

	At 31 December			At 31 May
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loan from a related party *(Note 16)*				
— Mr. Zhao Libing	5,000	—	—	—
Other amounts due to related parties *(Note 15)*				
— Mr. Zhao Libing	17	851	9	9
— Mr. Yu Canliang	13	15	—	—
	30	866	9	9
Amounts due from shareholder *(Note 13)*				
— Ka Lok Holdings Limited	82	82	123	123

Loan from a related party represents a loan from Mr. Zhao Libing of RMB5,000,000 outstanding as at 31 December 2020, which is interest-bearing at 3.3% per annum and is repayable in one year. Save as above, all balances with related parties are unsecured, interest-free and repayable on demand. It was expected that all balances with related parties will be settled prior to or upon the [REDACTED] of the Company's shares on the Stock Exchange.

(ii) Non-trade transactions with related parties

	Year ended 31 December			Five months ended 31 May	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loan received from related parties	7,000	2,000	—	—	—
Loan repaid to related parties	6,100	7,000	—	—	—
Interest expense	35	228	—	—	—
Advances from directors	9	836	112	112	—
Advances from directors repaid	—	—	969	—	—

The Group entered into lease agreements with Ms. Shu Qing and Mr. Yu Canliang to lease two offices for three years ending 31 December 2023 at nil consideration.

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

The IASB has issued a number of amendments and interpretations, which are not yet effective for the accounting period beginning on 1 January 2023 and which have not been adopted by the Group during the Track Record Period. These developments include the following:

	Effective for accounting periods beginning on or after
Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*	1 January 2024
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Pursuant to the written resolution passed by the shareholders of the Company on [date], conditional on the [REDACTED] in connection with the proposed [REDACTED], the directors were authorised to capitalise an amount of US$[REDACTED] from share premium and issue [REDACTED] shares to the Company's existing shareholders immediately prior to the [REDACTED] of the Company's shares on the Stock Exchange.

24 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2020 and 2021, the directors consider the immediate parent of the Group to be Shanghai Lingxiang Enterprise Management Partnership (Limited Partnership) (上海靈象企業管理合夥企業) (formerly known as Nanping Tianxiang Enterprise Management Partnership (Limited Partnership) (南平天象企業管理合夥企業(有限合夥))), which is incorporated in the PRC. This entity does not produce financial statements available for public use. Ka Lok Holdings Limited became the immediate parent of the Group after the completion of Reorganisation on 21 July 2022.

At 31 December 2020, 2021, 2022 and 31 May 2023, the directors consider the ultimate controlling party of the Group to be Mr. Zhao Libing.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 May 2023.