The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, for the purpose of incorporation in this document.

EY 安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Netjoy Holdings Limited
Haitong International Capital Limited

Dear Sirs,

We report on the historical financial information of Netjoy Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-67, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019 and six months ended 30 June 2020 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020, the statements of financial position of the Company as at 31 December 2019 and 30 June 2020 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-67 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 7 December 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 and of the financial position of the Company as at 31 December 2019 and 30 June 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for the six months ended 30 June 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

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

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
7 December 2020

I Historical financial information

Preparation of Historical Financial Information

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

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

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

Consolidated statements of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019	Six months ended 30 June 2019	Six months ended 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	235,425	1,186,172	2,313,036	1,286,522	796,965
Cost of sales		(185,720)	(1,077,913)	(2,153,747)	(1,217,549)	(712,584)
Gross profit		49,705	108,259	159,289	68,973	84,381
Other income and gains	5	359	1,123	15,600	5,518	11,823
Selling and distribution expenses		(1,301)	(5,910)	(7,793)	(2,781)	(2,274)
Administrative expenses		(5,658)	(13,525)	(41,561)	(13,799)	(21,656)
Impairment losses on financial assets, net		(1,899)	(3,316)	(29,630)	(12,070)	(4,000)
Research and development expenses		(5,522)	(6,936)	(9,923)	(5,416)	(4,370)
Other expenses		—	(2,070)	(750)	—	—
Finance costs	7	(341)	(2,712)	(6,524)	(1,302)	(3,163)
Share of profits and losses of: Associates		42	(304)	381	(218)	21
PROFIT BEFORE TAX	6	35,385	74,609	79,089	38,905	60,762
Income tax expense	10	(2,387)	(5,126)	(6,155)	(3,357)	(3,686)
PROFIT FOR THE YEAR/PERIOD		32,998	69,483	72,934	35,548	57,076
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		32,998	69,483	72,934	35,548	57,076
Attributable to: Owners of the parent		32,998	69,483	72,934	35,548	57,076
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted		N/A	N/A	N/A	N/A	N/A

Consolidated statements of financial position

	Notes	As at 31 December			As at 30 June
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	449	552	2,125	2,603
Right-of-use assets	14	2,134	1,460	4,707	9,626
Intangible assets	15	38	33	8,293	7,952
Prepayments, other receivables and other assets	19	161	581	2,738	2,402
Deferred tax assets	17	519	1,407	12,917	13,302
Investments in associates	16	1,042	6,738	9,607	12,628
Total non-current assets		4,343	10,771	40,387	48,513
CURRENT ASSETS					
Trade receivables	18	98,504	380,312	457,025	365,951
Prepayments, other receivables and other assets	19	10,648	36,136	106,709	169,263
Financial assets at fair value through profit or loss	20	—	—	—	42,000
Cash and cash equivalents	21	26,190	6,300	34,840	44,796
Total current assets		135,342	422,748	598,574	622,010
CURRENT LIABILITIES					
Trade payables	22	48,552	147,771	179,633	115,041
Other payables and accruals	23	6,386	25,063	24,897	50,402
Interest-bearing bank borrowings	25	—	27,800	91,547	80,942
Current portion of lease liabilities	14	652	684	4,037	5,862
Contract liabilities	24	5,000	16,319	37,353	62,756
Income tax payable		2,801	6,382	18,773	11,826
Total current liabilities		63,391	224,019	356,240	326,829
NET CURRENT ASSETS		71,951	198,729	242,334	295,181
TOTAL ASSETS LESS CURRENT LIABILITIES		76,294	209,500	282,721	343,694
NON-CURRENT LIABILITIES					
Lease liabilities	14	1,523	839	756	3,809
Deferred income		—	438	288	1,048
Total non-current liabilities		1,523	1,277	1,044	4,857
Net assets		74,771	208,223	281,677	338,837
EQUITY					
Equity attributable to owners of the parent					
Share capital	26	—	—	—	84
Reserves	27	74,771	208,223	281,677	338,753
Total equity		74,771	208,223	281,677	338,837

Consolidated statements of changes in equity

	Notes	Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total equity
		Attributable to owners of the parent				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017		—	22,700	1,855	17,218	41,773
Profit for the year		—	—	—	32,998	32,998
Transfer from retained profits		—	—	3,609	(3,609)	—
Bonus shares issued to existing shareholders (note (a))		—	12,900	—	(12,900)	—
At 31 December 2017		—	35,600	5,464	33,707	74,771
At 1 January 2018		—	35,600	5,464	33,707	74,771
Profit for the year		—	—	—	69,483	69,483
Capital contributions (note (b))		—	74,942	—	—	74,942
Dividend distribution	11	—	—	—	(10,973)	(10,973)
Transfer from retained profits		—	—	9,003	(9,003)	—
Bonus shares issued to existing shareholders (note (c))		—	13,760	—	(13,760)	—
At 31 December 2018		—	124,302	14,467	69,454	208,223
At 1 January 2019		—	124,302	14,467	69,454	208,223
Profit for the year		—	—	—	72,934	72,934
Capital contributions (note (d))		—	360	—	—	360
Share of contributions to the associates from an unrelated investor		—	160	—	—	160
Transfer from retained profits		—	—	12,966	(12,966)	—
At 31 December 2019		—	124,822	27,433	129,422	281,677

	Notes	Attributable to owners of the parent				
		Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019		—	124,302	14,467	69,454	208,223
Profit for the period (unaudited)		—	—	—	35,548	35,548
Transfer from retained profits (unaudited)		—	—	10,447	(10,447)	—
At 30 June 2019 (unaudited)		—	124,302	24,914	94,555	243,771
At 1 January 2020		—	124,822	27,433	129,422	281,677
Profit for the period		—	—	—	57,076	57,076
Capital injection		84		—	—	84
Transfer from retained profits		—	—	13,184	(13,184)	—
At 30 June 2020		84	124,822	40,617	173,314	338,837

(a) On 17 May 2017, Netjoy Network declared a stock dividend of RMB12,900,000 to its shareholders and the dividend has been registered on 31 May 2017.

(b) On 17 July 2018, Wutong Holding Group Co., Ltd. contributed RMB78,000,000 into Netjoy (Shanghai) Network Technology Co., Ltd, netted off by RMB3,058,000 of transaction costs incurred in the private issuing offering.

(c) On 16 May 2018, Netjoy Network declared a stock dividend of RMB13,760,000 to its shareholders and the dividend has been registered on 4 June 2018.

(d) On 30 December 2019, Zheng Han Bio-tech Research Co., Ltd. contributed RMB360,000 into Letui (Shanghai) Culture Broadcast Co., Ltd.

* These reserve accounts comprise the consolidated reserves of RMB74,771,000, RMB208,223,000, RMB281,677,000 and RMB338,753,000 in the consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

Consolidated statements of cash flows

		Year ended 31 December			Six months ended 30 June	
	Notes	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		35,385	74,609	79,089	38,905	60,762
Adjustments for:						
Share of profits and losses of associates	16	(42)	304	(381)	218	(21)
Bank interest income	5	(41)	(39)	(78)	(17)	(46)
Investment income from financial assets at fair value through profit or loss	5	(169)	(454)	(1,300)	(1,036)	(534)
Finance costs	7	341	2,712	6,524	1,302	3,163
Provision for impairment of trade receivables, net	6	1,899	3,316	29,630	12,070	4,000
Depreciation of items of property, plant and equipment	13	203	261	938	400	717
Depreciation of right-of-use assets	14	610	674	3,206	1,278	2,274
Amortisation of intangible assets	15	5	5	470	150	452
		38,191	81,388	118,098	53,270	70,767
(Increase)/decrease in trade receivables		(80,564)	(285,124)	(106,343)	50,395	87,074
Increase in prepayments, other receivables and other assets		(5,544)	(25,908)	(72,730)	(38,955)	(62,218)
Increase/(decrease) in trade payables		47,331	99,219	31,862	(95,966)	(64,592)
Increase in other payables and accruals		4,920	7,692	9,574	1,380	26,262
Increase in contract liabilities		3,750	11,319	21,034	18,443	25,403
Cash generated from/(used in) operations		8,084	(111,414)	1,495	(11,433)	82,696
Bank interest income received	5	41	39	78	17	46
Interest paid on lease liabilities	7	(101)	(92)	(267)	(121)	(148)
Income tax paid		(927)	(2,433)	(5,274)	(5,211)	(11,018)
Net cash flows from/(used in) operating activities		7,097	(113,900)	(3,968)	(16,748)	71,576

	Notes	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(504)	(364)	(2,511)	(1,379)	(1,195)
Purchases of other intangible assets		—	—	(7,230)	(1,501)	(111)
Addition of financial assets measured at fair value through profit or loss		—	—	—	—	(42,000)
Proceeds from disposal of investments measure at fair value through profit or loss		100	—	—	—	—
Investments in associates		(1,000)	(6,000)	(2,328)	—	(3,000)
Investment income received from financial assets at fair value through profit or loss	5	169	454	1,300	1,036	534
Net cash flows used in investing activities		(1,235)	(5,910)	(10,769)	(1,844)	(45,772)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		4,500	142,800	115,500	48,000	79,500
Repayment of bank loans		(9,800)	(115,000)	(52,800)	(24,800)	(90,018)
Loans from related parties		—	105,450	112,890	93,490	3,710
Repayment of loans from related parties		—	(105,000)	(113,340)	(93,490)	(3,710)
Principal portion of lease payments		(670)	(652)	(3,183)	(1,255)	(2,315)
Capital injection from non-controlling shareholders		—	78,000	360	—	84
Share issue expenses		—	(3,058)	—	—	—
Interests paid		(240)	(2,620)	(5,177)	(1,181)	(3,099)
Dividend paid	11	—	—	(10,973)	—	—
Net cash flows (used in) from financing activities		(6,210)	99,920	43,277	20,764	(15,848)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(348)	(19,890)	28,540	2,172	9,956
Cash and cash equivalents at beginning of year/period		26,538	26,190	6,300	6,300	34,840

	Notes	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019	Six months ended 30 June 2019	Six months ended 30 June 2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	26,190	6,300	34,840	8,472	44,796
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank deposits	21	26,190	6,300	34,840	8,472	44,796
Cash and cash equivalents as stated in the consolidated statements of cash flows		26,190	6,300	34,840	8,472	44,796

Statement of financial position of the Company

	Notes	As at 31 December 2019	As at 30 June 2020
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	29	360	360
Total non-current assets		360	360
CURRENT ASSETS			
Cash and cash equivalents		—	35
Total current assets		—	35
Net assets		360	395
EQUITY			
Share capital		—	84
Reserves		360	311
Total equity		360	395

II Notes to the historical financial information

1. Corporate information

The Company is a limited liability company incorporated in the Cayman Islands on 29 March 2019. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in the business of providing online advertising services (the "Listing Business") in the People's Republic of China (the "PRC").

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

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

Name	Place and date of registration/ incorporation and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Netjoy International Limited (note (a)) . .	British Virgin Islands/ 4 April 2019	USD50,000	100%	—	Investment holding
Netjoy International (Hong Kong) Limited (note (a)) . .	People's Republic of China/Hong Kong 26 April 2019	HKD1	—	100%	Technical and consultation services
Zheng Han Bio-tech Research Co., Limited ("Zheng Han") ("正漢生物科技研發有限公司") (note (b))	People's Republic of China/Hong Kong 14 February 2017	HKD20,000,000	100%	—	Investment holding

Name	Place and date of registration/ incorporation and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. ("Yunxiang Information") (雲想數科(上海)信息技術有限公司) (note (b))	People's Republic of China/Mainland China 29 August 2019	RMB50,000,000	—	100%	Technical and consultation services
Letui (Shanghai) Culture Broadcast Co., Ltd. ("Letui Culture") (樂推(上海)文化傳播有限公司) (note (b))	People's Republic of China/ Mainland China 19 December 2013	RMB10,101,010	—	100%	Marketing services
Horgos Quantum Dynamic Culture Media Co., Ltd. ("Quantum Culture Media") (霍爾果斯量子動態文化傳媒有限公司) (note (b))	People's Republic of China/ Mainland China 8 June 2017	RMB1,000,000	—	100%	Marketing services
Yunxiang Entertainment (Shanghai) Co., Ltd. ("Yunxiang Entertainment") (雲想娛樂(上海)有限公司) (note (b)) . .	People's Republic of China/ Mainland China 28 August 2018	RMB5,000,000	—	100%	Technical and consultation services
Guangzhou Guomeng Network Technology Co., Ltd. ("Guomeng Internet") (廣州果盟網絡科技有限公司) (note (b))	People's Republic of China/ Mainland China 20 May 2019	RMB1,000,000	—	100%	Technical and consultation services

Name	Place and date of registration/ incorporation and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qizheng (Shanghai) Culture Communication Co., Ltd. ("Qizheng Culture") (啟征(上海)文化傳播有限公司) (note (a))	People's Republic of China/ Mainland China 28 May 2019	RMB1,000,000	—	100%	Technical and consultation services
Letui Chuanshi (Shanghai) Information Technology Co., Ltd. ("Letui Information") (樂推傳視(上海)信息技術有限公司) (note (a))	People's Republic of China/Mainland China 2 August 2019	RMB5,000,000	—	100%	Technical and consultation services
Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. ("Letui Zhixiao") (樂推智效(上海)文化傳播有限公司) (note (a))	People's Republic of China/Mainland China 6 January 2020	RMB5,000,000	—	100%	Marketing services
Indirectly controlled by the Company pursuant to the contractual agreements					
Netjoy (Shanghai) Network Technology Co., Ltd. ("Netjoy Network") (嗨皮(上海)網絡科技有限公司) (note (c))	People's Republic of China/ Mainland China 15 November 2012	RMB53,528,203	—	100%	Entertainment-oriented content platform operation

Notes:

(a) No audited financial statements have been prepared for these entities for the years ended 31 December 2017 and 2018 as these entities were incorporated/established in 2019 and after.

(b) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdiction of incorporation.

(c) The entity is a limited liability enterprise established under the PRC law. The statutory financial statements for the year ended 31 December 2017 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Ruihua Certified Public Accountants (LLP) (瑞華會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. No audited financial statements have been prepared for the entity for the years ended 31 December 2018 and 2019 as statutory accounts are not required under the relevant rules and regulations in its jurisdiction of incorporation.

2.1 ***Basis of presentation***

Pursuant to the Reorganisation as more fully explained in the paragraph headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 30 March 2020.

Netjoy Network provide value added telecommunications services and radio and TV program production and operation services to customers. Due to regulatory restrictions on foreign ownership in providing value added telecommunications services and prohibition on foreign ownership in providing radio and TV program production and operation services in the PRC, the wholly-owned subsidiary of the Company, Yunxiang Information ("WFOE") has entered into contractual arrangements ("Contractual Arrangements") with Netjoy Network and their respective registered equity holders. The arrangements of the Contractual Arrangements enable the WFOE to exercise effective control over Netjoy Network and obtain substantially all economic benefits of Netjoy Network. Accordingly, Netjoy Network is controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Netjoy Network. Details of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangement" in the Prospectus.

The Reorganisation only involved inserting new holding entities, including WFOE, at the top of Netjoy Network, the then holding company of the Group, and has not resulted in any change of economic substances. Accordingly, for the purpose of this report, the Historical Financial Information has been presented on a consolidated basis as a continuation of Netjoy Network as if the Company had been the holding company of Netjoy Network at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods are presented as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 have been prepared to present the assets and liabilities of the companies comprising the Group, as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination. As the Company was incorporated on 29 March 2019, there are no statements of financial position of the Company as at 31 December 2017 and 2018.

2.2 ***Basis of preparation***

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The Group also adopted the Amendments to *IFRS 16 Covid-19-Related Rent Concessions* for rent concessions occurring as a direct consequence of the Covid-19 pandemic during the Relevant Periods.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

The Group has elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the Covid-19 pandemic during the Relevant Periods. The adoption of the Amendments to *IFRS 16 Covid-19-Related Rent Concessions* has had no significant impact on the financial position and/or financial performance of the Group because there are no changes to the terms of the leases during the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial instruments which have been measured at fair value. The Historical Financial Information has been presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 ***Issued but not yet effective international financial reporting standards***

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts Cost — of Fulfilling a Contract*[2]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41*[2]
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*[4]
Amendments to IFRS 17	*Insurance Contracts*[4]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 No mandatory effective date yet determined but available for adoption

4 Effective for annual period beginning on or after 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

The management of the Group does not anticipate that the adoption of other new and revised IFRSs will have a significant financial impact on the Group's financial statements.

2.4 ***Summary of significant accounting policies***

Basis of combination

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

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(ii) rights arising from other contractual arrangements; and

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

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

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

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

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.*

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Office equipment	20.00%-33.33%
Leasehold improvements	Over the shorter of the lease terms and useful lives
Furniture and fixtures	33.33%

Leasehold improvements depreciate over a period that is the shorter of the lease term or the assets' useful life. Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Intangible assets (other than goodwill)

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

Software and use right of a website

Software and use right of a website are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The Group determines the useful life of software and use of a website with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the asset.

Research and development costs

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

During the reporting periods, all research costs are charged to the consolidated statements of profit or loss and other comprehensive income as incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold properties	2 to 4 years

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Debt instruments

Debt instruments at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Group has:

(a) transferred substantially all of the risks and rewards of the asset; or

(b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, as appropriate.

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

The Group's financial liabilities include trade and other payables, lease liabilities and interest-bearing bank and borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Investment in film

The amount paid to a third-party film production company by the Group in order to obtain shares of copyrights and/or distribution rights of films is recognised as prepayments for investment in film and reclassified as intangible assets upon the receipt of the license for distribution of films.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

The Group's main revenue generating activity is the provision of online advertising services. Revenues are recognised when relevant service are provided to which the Group is entitled pursuant to the advertising contracts.

The following is a description of principal activities from which the Group generates its revenue:

(1) Online marketing solutions services

All-in-one services

The Group provides one-stop online marketing solutions, including content production, raw data analysis, advertisement campaign optimization and traffic acquisition from top online publishers, to advertisers. The Group charges the advertisers mainly based on optimised Cost Per Mille ("oCPM"), optimised Cost Per Click("oCPC") or Cost Per Click ("CPC"). In some circumstances, the Group offers rebates to the advertisers as part of its promotion activities.

While none of the factors individually are considered presumptive or determinative, in this arrangement the Group is the primary obligor and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified integrated services to the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic acquisition from online publishers cannot be compensated by the total consideration received from the advertisers. This is similar to inventory risk; (iii) performing all the billing and collection activities, including retaining credit risk; and (iv) bearing responsibility for the advertising content that the Group produce and place and fulfilment of promise to provide the specified integrated services. The Group obtains control the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis. Under this arrangement, the rebates earned from the media publishers are recorded as a reduction of cost of sales.

Advertisement distribution services

The advertisers provide their own produced distribution contents and formulate their own advertisement campaign. The Group only provides those distribution service to advertisers by publishing the contents on the targeted social media platforms which determined by advertisers. The Group charges the advertisers mainly based on an oCPM, oCPC or CPC.

The Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to the advertiser, because (i) the Group does not provide integrated service. Online publisher, rather than the Group, is primarily responsible for providing the media publishing service; (ii) the online publisher is identified and determined by the advertisers, not the Group. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the advertisers and the amounts paid to the media publishers related to these transactions on a net basis.

Rebates offered to the advertisers under both business models above are recognised as a deduction of revenue.

(2) Pan-entertainment content services

The Group provides pan-entertainment content services to advertising customers directly through self-operated website and its mobile terminal. The Group also provides pan-entertainment content services to advertising customers through online publishers by produced a short video program. The Group recognises revenue on a gross basis when relevant services are provided to which the Group is entitled pursuant to the advertising contracts because the Group bears the sole responsibility for the transaction. The Group charges advertising customers for pan-entertainment content services primarily based on CPM, cost per time ("CPT") or on specified action such as download, installation or registration of the mobile device user ("cost per action" or "CPA").

For the customers which the Group charges based on CPT, revenue is recognized over time on a ratable basis over the contract term beginning on the date that the service is made available to the customers. For the customers which the Group charges based on oCPM, CPM, CPC, oCPC or CPA, revenue is recognized at a point in time when specified actions are achieved.

Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

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

Employee benefits

Pension scheme

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

Dividends

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

Foreign currencies

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

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

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

3. Significant accounting judgements and estimates

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

Judgements

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

Contractual arrangements

Netjoy Network provides value added telecommunications services and radio and TV program production and operation services to customers. Due to regulatory restrictions on foreign ownership in providing value added telecommunications services and prohibition on foreign ownership in providing radio and TV program production and operation services in the PRC, as disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over Netjoy Network and enjoys all economic benefits of Netjoy Network through the Contractual Arrangements.

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

Principal versus agent considerations — revenue from provision of online advertising service

In determining whether the Group is acting as a principal or as an agent in the provision of online advertising services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information, respectively.

4. **Operating segment information**

The Group is principally engaged in providing online marketing solutions services and pan-entertainment content services to customers in Mainland China.

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

Geographical information

During the Relevant Periods, the Group operated within one geographical area because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical information is presented.

Information about major customers

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

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Customer A	N/A*	220,181	657,125	648,775	N/A*
Customer B	37,159	N/A*	N/A*	N/A*	N/A*
Customer C	27,357	N/A*	N/A*	N/A*	N/A*

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

5. **Revenue, other income and gains**

Revenue, represented the value of services rendered, net of value-added tax ("VAT") and other sales tax, after allowance for returns and discounts during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

(i) ***Disaggregated revenue information***

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Revenue from contracts with customers					
Types of services					
Online marketing solutions services					
— All-in-one services	158,548	1,093,601	2,243,548	1,252,010	760,114
— Advertisement distribution services	7,291	27,826	38,756	15,299	28,215
Pan-entertainment content services	69,586	64,745	30,732	19,213	8,636
	235,425	1,186,172	2,313,036	1,286,522	796,965
Timing of revenue recognition					
Marketing services transferred at a point in time	215,227	1,162,778	2,304,858	1,281,484	785,861
Marketing services transferred over time	20,198	23,394	8,178	5,038	11,104
	235,425	1,186,172	2,313,036	1,286,522	796,965

(ii) ***Performance obligations***

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

Online marketing solutions services

The performance obligation is satisfied on a user's optimised click (oCPC) or click (CPC) on one of the customer-sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM).

Pan-entertainment content services

The performance obligation is satisfied on a pro-rata basis over the contractual term for cost per time ("CPT") advertising arrangements, commencing on the start date of the display of the advertisement or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM) or on specified action such as download, installation or registration of the mobile device user ("cost per action" or "CPA").

(iii) ***Contract balances***

		As at 31 December			As at 30 June
	Notes	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	18	98,504	380,312	457,025	365,951
Contract liabilities	23	5,000	16,319	37,353	62,756

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2017, 2018 and 2019 and 30 June 2020 are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:				
Within one year	5,000	16,319	37,353	62,756

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income and gains					
Bank interest income	41	39	78	17	46
Investment income from financial assets at fair value through profit or loss	169	454	1,300	1,036	534
Government grants	149	630	13,278	4,465	10,493
Others	—	—	944	—	750
	359	1,123	15,600	5,518	11,823

6. **Profit before tax**

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

	Notes	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales		185,720	1,077,913	2,153,747	1,217,549	712,584
Depreciation of items of property, plant and equipment	13	203	261	938	400	717
Depreciation of items of right-of-use assets	14	610	674	3,206	1,278	2,274
Amortisation of intangible assets	15	5	5	470	150	452
Research and development expenses (excluding amortisation of intangible assets, depreciation of items of property, plant and equipment and employee benefit expense)		3,049	3,382	2,481	2,423	1,182
Lease payments not included in the measurement of lease liabilities		—	50	572	65	330
Auditor's remuneration		175	231	1,479	403	1,730
Government grants	5	(149)	(630)	(13,278)	(4,465)	(10,493)
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8)):						
Wages and salaries		3,797	9,542	21,259	9,967	10,389
Pension scheme contributions		382	889	1,895	535	374
Provision for impairment of trade receivables, net		1,899	3,316	29,630	12,070	4,000
Bank interest income	5	(41)	(39)	(78)	(17)	(46)
Investment income from financial assets at fair value through profit or loss	5	(169)	(454)	(1,300)	(1,036)	(534)
Interest on lease liabilities	7	101	92	267	121	148
Interest on interest-bearing bank and other borrowings	7	240	2,620	3,260	993	3,012

7. **Finance costs**

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on interest-bearing bank and other borrowings	240	2,620	3,260	993	3,012
Interest on lease liabilities	101	92	267	121	148
Other finance costs	—	—	2,997	188	3
	341	2,712	6,524	1,302	3,163

8. **Directors' and chief executive's remuneration**

The Company did not have any chief executive, executive director, non-executive director and independent non-executive director at any time during the years ended 31 December 2017 and 2018 and therefore there were no fees and other emoluments payable to the independent non-executive directors during the years ended 31 December 2017 and 2018.

Mr. Wang Chen and Mr. Xu Jiaqing were appointed as executive directors of the Company on 8 November 2019.

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

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other emoluments:					
Salaries, allowances and benefits in kind	774	1,011	1,143	479	631
Pension scheme contributions	124	156	142	71	12
	898	1,167	1,285	550	643

31 December 2017	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Mr. Wang Chen	325	46	371
Mr. Qin Miaomiao	260	41	301
Mr. Xu Jiaqing	156	28	184
Mr. Dai Liqun	33	9	42
Mr. Ru Liang	—	—	—
	774	124	898

31 December 2018	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Mr. Wang Chen	393	50	443
Mr. Xu Jiaqing	275	46	321
Mr. Qin Miaomiao	251	50	301
Mr. Dai Liqun	92	10	102
Mr. Zhang Jianguo	—	—	—
Mr. Wang Jianshuo	—	—	—
Mr. Ru Liang	—	—	—
	1,011	156	1,167

31 December 2019	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Directors:			
Mr. Wang Chen*	548	49	597
Mr. Xu Jiaqing	535	49	584
Mr. Qin Miaomiao	56	43	99
Mr. Dai Liqun	4	1	5
Mr. Zhang Jianguo	—	—	—
Mr. Wang Jianshuo	—	—	—
	1,143	142	1,285
Independent non-executive directors:			
Mr. Chen Changhua	—	—	—
Dr. Ru Liyun	—	—	—
Ms. Cui Wen	—	—	—
	—	—	—

30 June 2019	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Directors:			
Mr. Wang Chen*	226	25	251
Mr. Xu Jiaqing	225	25	250
Mr. Qin Miaomiao	24	20	44
Mr. Dai Liqun	4	1	5
Mr. Zhang Jianguo	—	—	—
Mr. Ru Liang	—	—	—
Mr. Wang Jianshuo	—	—	—
	479	71	550
Independent non-executive directors:			
Mr. Chen Changhua	—	—	—
Dr. Ru Liyun	—	—	—
Ms. Cui Wen	—	—	—
	—	—	—

30 June 2020	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Directors:			
Mr. Wang Chen*	300	4	304
Mr. Xu Jiaqing	300	4	304
Mr. Qin Miaomiao	31	4	35
Mr. Dai Liqun	—	—	—
Mr. Ru Liang	—	—	—
Mr. Zhang Jianguo	—	—	—
Mr. Wang Jianshuo	—	—	—
	631	12	643
Independent non-executive directors:			
Mr. Chen Changhua	—	—	—
Dr. Ru Liyun	—	—	—
Ms. Cui Wen	—	—	—
	—	—	—

* Mr. Wang Chen is also the chief executive officer of the Company since 16 June 2020.

There was no arrangement under which a director or the chief executive of the subsidiaries now comprising the Group waived or agreed to waive any remuneration during the Relevant Periods.

9. **Five highest paid employees**

The five highest paid employees during each of the Relevant Periods included 2, 3, 2 and 2 directors and the chief executive, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three highest paid employees during the years ended 31 December 2017 and 2019 and six months ended 30 June 2020 and two highest paid employees during the years ended 31 December 2018 who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Salaries, allowances and benefits in kind	538	539	1,535	546	727
Pension scheme contributions	88	90	85	61	24
	626	629	1,620	607	751

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

	Year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
				(Unaudited)	
Nil to HKD1,000,000	3	2	3	3	3

10. **Income tax**

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

Cayman Islands

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

British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), Netjoy Holdings Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Netjoy Holdings Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

No provision for Hong Kong profit tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations the subsidiaries which operate in Mainland China are subject to Enterprise Income Tax ("EIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to Netjoy Network, since it is certified as a Software Enterprise and is exempted from income tax for two years, followed by a 50% reduction in the applicable income tax rates for the next three years, commencing from the first year of profitable operation after offsetting tax losses generated in prior years. For the years ended 31 December 2017, 2018 and 2019, the applicable income tax rate for Netjoy Network was 12.5%. Certain subsidiaries of the Group in the PRC were approved as High and New Technology Enterprise, and are subject to a preferential income tax rate of 15% in certain years. According to the Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgors Economic Development Zones (國務院關於支持喀什霍爾果斯經濟開發區建設的若干意見), promulgated on September 30, 2011, and the Notice of the Preferential Policies of Enterprise Income Tax in the Two Special Economic Development Zones of Kashgar and Horgors in Xinjiang (財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知), promulgated by the Ministry of Finance of the PRC (中國財政部) and the State Administration of Taxation of the PRC (中國國家稅務總局) on November 29, 2011, from 2010 to 2020, the newly-established enterprises in Kashgar and Horgors within the Catalog of Encouraged Industries in Poverty Areas of Xinjiang for Preferential Tax Treatment (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) shall be granted the preferential tax treatment of five-year EIT exemption since the first taxable year after becoming profitable. According to Preferential Filing Record of EIT (企業所得稅優惠事項備案表), Quantum Culture Media obtained the approval from the PRC tax bureau for entitlement of EIT exemption from 1 January 2017 to 31 December 2020.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Current tax:					
Charge for the year	2,841	6,014	17,665	6,315	4,071
Deferred tax (note 17)	(454)	(888)	(11,510)	(2,958)	(385)
Total tax charge for the year	2,387	5,126	6,155	3,357	3,686

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

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Profit before tax	35,385		74,609		79,089		38,905		60,762	
Tax at the statutory tax rate	8,846	25	18,652	25	19,772	25	9,726	25	15,191	25
Preferential tax rates enacted by local authority	(5,514)	(16)	(12,551)	(17)	(18,804)	(24)	(6,364)	(16)	(13,325)	(22)
Additional deduction on research and development expenses	(965)	(3)	(1,197)	(2)	(1,571)	(2)	(283)	(1)	(814)	(1)
Effect on deferred tax of changes in tax rates	—	—	—	—	(683)	(1)	(12)	—	—	—
Income not subject to tax	(10)	—	76	—	(63)	—	—	—	(5)	—
Tax losses not recognised	—	—	—	—	894	1	116	—	2,605	4
Group reorganisation related tax	—	—	—	—	6,410*	8	—	—	—	—
Expenses not deductible for tax	30	—	146	—	200	—	174	—	34	—
Tax charge at the Group's effective rate	2,387	7	5,126	7	6,155	8	3,357	9	3,686	6

* On 6 December 2019, as a part of group reorganization, Yunxiang Information acquired equity interest in Letui Culture from Netjoy Network with consideration of RMB35,640,000. As a result, Netjoy Network need to pay income tax on the difference between this equity transfer income and the equity acquisition cost of RMB10,000,000.

11. **Dividends**

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Dividends declared by Netjoy Network	—	10,973	—	—	—

On 16 November 2018, Netjoy Network declared dividends of RMB10,973,000 to its shareholders and the dividends were paid in January 2019.

12. **Earnings per share attributable to ordinary equity holders of the parent**

Earnings per share information is not presented as its inclusion, for the purpose the Historical Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods. The preparation basis was disclosed in note 2.2 above.

13. **Property, plant and equipment**

	Furniture and fixtures	Office equipment	Leasehold improvements	Constructions in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2017					
At 1 January 2017:					
Cost	11	203	—	—	214
Accumulated depreciation	(2)	(64)	—	—	(66)
Net carrying amount	9	139	—	—	148
At 1 January 2017, net of accumulated depreciation	9	139	—	—	148
Additions	—	59	445	—	504
Depreciation provided during the year	(3)	(70)	(130)	—	(203)
At 31 December 2017, net of accumulated depreciation	6	128	315	—	449
At 31 December 2017:					
Cost	11	262	445	—	718
Accumulated depreciation	(5)	(134)	(130)	—	(269)
Net carrying amount	6	128	315	—	449

	Furniture and fixture	Office equipment	Leasehold improvements	Constructions in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018					
At 1 January 2018:					
Cost	11	262	445	—	718
Accumulated depreciation	(5)	(134)	(130)	—	(269)
Net carrying amount	6	128	315	—	449
At 1 January 2018, net of accumulated depreciation	6	128	315	—	449
Additions	—	364	—	—	364
Depreciation provided during the year	(4)	(109)	(148)	—	(261)
At 31 December 2018, net of accumulated depreciation	2	383	167	—	552
At 31 December 2018:					
Cost	11	626	445	—	1,082
Accumulated depreciation	(9)	(243)	(278)	—	(530)
Net carrying amount	2	383	167	—	552
31 December 2019					
At 1 January 2019:					
Cost	11	626	445	—	1,082
Accumulated depreciation	(9)	(243)	(278)	—	(530)
Net carrying amount	2	383	167	—	552

	Furniture and fixture	Office equipment	Leasehold improvements	Constructions in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019, net of accumulated depreciation	2	383	167	—	552
Additions	—	995	1,516	—	2,511
Depreciation provided during the year	(1)	(290)	(647)	—	(938)
At 31 December 2019, net of accumulated depreciation	1	1,088	1,036	—	2,125
At 31 December 2019:					
Cost	11	1,621	1,961	—	3,593
Accumulated depreciation	(10)	(533)	(925)	—	(1,468)
Net carrying amount	1	1,088	1,036	—	2,125

30 June 2020

	Furniture and fixture	Office equipment	Leasehold improvements	Constructions in process	Total
At 1 January 2020:					
Cost	11	1,621	1,961	—	3,593
Accumulated depreciation	(10)	(533)	(925)	—	(1,468)
Net carrying amount	1	1,088	1,036	—	2,125
At 1 January 2020, net of accumulated depreciation	1	1,088	1,036	—	2,125
Additions	—	720	109	366	1,195
Depreciation provided during the period	(1)	(256)	(460)	—	(717)
At 30 June 2020, net of accumulated depreciation	—	1,552	685	366	2,603
At 30 June 2020:					
Cost	11	2,341	2,070	366	4,788
Accumulated depreciation	(11)	(789)	(1,385)	—	(2,185)
Net carrying amount	—	1,552	685	366	2,603

14. **Leases**

The Group as a lessee

The Group has lease contracts for various items of leasehold properties and office equipment used in its operations. Leases of leasehold properties generally have lease terms between 1 and 4 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) *Right-of-use assets*

	Leasehold properties
	RMB'000
31 December 2017	
At 1 January 2017:	
Cost	727
Accumulated depreciation	(679)
Net carrying amount	48
Cost at 1 January 2017, net of accumulated depreciation	48
Additions	2,696
Disposals	—
Depreciation provided during the year	(610)
At 31 December 2017	2,134
At 31 December 2017:	
Cost	2,696
Accumulated depreciation	(562)
Net carrying amount	2,134
31 December 2018	
At 1 January 2018:	
Cost	2,696
Accumulated depreciation	(562)
Net carrying amount	2,134
Cost at 1 January 2018, net of accumulated depreciation	2,134
Depreciation provided during the year	(674)
At 31 December 2018	1,460
At 31 December 2018:	
Cost	2,696
Accumulated depreciation	(1,236)
Net carrying amount	1,460

	Leasehold properties
	RMB'000
31 December 2019	
At 1 January 2019:	
Cost	2,696
Accumulated depreciation	(1,236)
Net carrying amount	1,460
Cost at 1 January 2019, net of accumulated depreciation	1,460
Additions	6,453
Depreciation provided during the year	(3,206)
At 31 December 2019	4,707
At 31 December 2019:	
Cost	9,149
Accumulated depreciation	(4,442)
Net carrying amount	4,707
30 June 2020	
At 1 January 2020:	
Cost	9,149
Accumulated depreciation	(4,442)
Net carrying amount	4,707
Cost at 1 January 2020, net of accumulated depreciation	4,707
Additions	7,193
Depreciation provided during the period	(2,274)
At 30 June 2020	9,626
At 30 June 2020:	
Cost	16,342
Accumulated depreciation	(6,716)
Net carrying amount	9,626

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	Leasehold properties
	RMB'000
Carrying amount at 1 January 2017	149
New leases	2,696
Accretion of interest recognised during the year	101
Payments	(771)
At 31 December 2017	2,175
Analysed to:	
Current portion	652
Non-current portion	1,523
Carrying amount at 1 January 2018	2,175
Accretion of interest recognised during the year	92
Payments	(744)
At 31 December 2018	1,523
Analysed to:	
Current portion	684
Non-current portion	839
Carrying amount at 1 January 2019	1,523
New leases	6,453
Accretion of interest recognised during the year	267
Payments	(3,450)
At 31 December 2019	4,793
Analysed to:	
Current portion	4,037
Non-current portion	756
Carrying amount at 1 January 2020	4,793
New leases	7,193
Accretion of interest recognised during the period	148
Payments	(2,463)
At 30 June 2020	9,671
Analysed into:	
Current portion	5,862
Non-current portion	3,809

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

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

	Year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Interest on lease liabilities	101	92	267	121	148
Depreciation charge of right-of-use assets	610	674	3,206	1,278	2,274
Expense relating to short-term leases (included in administrative expenses)	—	—	487	65	220
Expense relating to leases of low-value assets (included in administrative expenses)	—	50	85	—	110
Total amount recognised in profit or loss	711	816	4,045	1,464	2,752

(d) The total cash outflow for leases is disclosed in notes 31(c) to the Historical Financial Information.

15. **Intangible assets**

	Use right of a website	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2017			
At 1 January 2017:			
Cost	46	—	46
Accumulated impairment	(3)	—	(3)
Net carrying amount	43	—	43
Cost at 1 January 2017, net of accumulated amortisation	43	—	43
Additions	—	—	—
Amortisation provided during the year	(5)	—	(5)
At 31 December 2017	38	—	38
At 31 December 2017:			
Cost	46	—	46
Accumulated amortisation	(8)	—	(8)
Net carrying amount	38	—	38
31 December 2018			
At 1 January 2018:			
Cost	46	—	46
Accumulated amortisation	(8)	—	(8)
Net carrying amount	38	—	38
Cost at 1 January 2018, net of accumulated amortisation	38	—	38
Additions	—	—	—
Amortisation provided during the year	(5)	—	(5)
At 31 December 2018	33	—	33
At 31 December 2018:			
Cost	46	—	46
Accumulated amortisation	(13)	—	(13)
Net carrying amount	33	—	33

	Use right of a website	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2019			
At 1 January 2019:			
Cost	46	—	46
Accumulated amortisation	(13)	—	(13)
Net carrying amount	33	—	33
Cost at 1 January 2019, net of accumulated amortisation	33	—	33
Additions	6,975	1,755	8,730
Amortisation provided during the year	(455)	(15)	(470)
At 31 December 2019	6,553	1,740	8,293
At 31 December 2019:			
Cost	7,021	1,755	8,776
Accumulated amortisation	(468)	(15)	(483)
Net carrying amount	6,553	1,740	8,293
30 June 2020			
At 1 January 2020:			
Cost	7,021	1,755	8,776
Accumulated amortisation	(468)	(15)	(483)
Net carrying amount	6,553	1,740	8,293
Cost at 1 January 2020, net of accumulated amortisation	6,553	1,740	8,293
Additions	—	111	111
Amortisation provided during the period	(368)	(84)	(452)
At 30 June 2020	6,185	1,767	7,952
At 30 June 2020:			
Cost	7,021	1,866	8,887
Accumulated amortisation	(836)	(99)	(935)
Net carrying amount	6,185	1,767	7,952

16. **Investments in associates**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	1,042	6,738	9,607	12,628

The Group's trade receivable and payable balances with the associates are disclosed in note 30 to the Historical Financial Information.

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

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Share of the associates' profit/(loss) for the year/period	42	(304)	381	(218)	21
Share of the associates' total comprehensive income/(loss)	42	(304)	381	(218)	21
Aggregate carrying amount of the Group's investment in the associates	1,042	6,738	9,607	6,520	12,628

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of equity attributable to the Group	Principal activities
Shanghai Buwei Information Technology Co., Ltd. ("Buwei") (上海不維信息技術有限公司)	Ordinary shares	Shanghai	20%*	Marketing services
Tianjin Yunlin Culture Broadcast Co., Ltd. ("Yunlin") (韻林(天津)文化傳媒有限公司)	Ordinary shares	Tianjin	30%	Radio and TV program production and operation services
Shanju (Shanghai) Culture Broadcast Co., Ltd. ("Shanghai Shanju") (閃劇(上海)文化傳媒有限公司)	Ordinary shares	Shanghai	30%	Radio and TV program production and operation services

* In 2017, the Group invested RMB1,000,000 in Buwei and accounted for 9.91% of the total equity interest. In 2019, the Group invested an additional RMB2,328,000 and the equity interest percentage increased from 9.91% to 20%.

During the Relevant Periods, the board of directors of Buwei consisted of 3 directors, of which 1 director who have substantive voting rights in daily operations was nominated by the Group. As a result, Buwei was classified as an associate over which the Group has significant influence.

The Group's shareholdings in the associates all comprise equity shares held by Netjoy Network.

17. **Deferred tax**

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

	Deferred income	Provision for trade receivables	Accrued expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2017				
At 1 January 2017:				
Cost	—	65	—	65
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	—	454	—	454
31 December 2017	—	519	—	519
31 December 2018				
At 1 January 2018:				
Cost	—	519	—	519
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	55	833	—	888
31 December 2018	55	1,352	—	1,407
31 December 2019				
At 1 January 2019:				
Cost	55	1,352	—	1,407
Deferred tax (charged)/credited to the consolidated statements of profit or loss and other comprehensive income during the year	(12)	7,297	4,225	11,510
31 December 2019	43	8,649	4,225	12,917
30 June 2020				
At 1 January 2020:				
Cost	43	8,649	4,225	12,917
Deferred tax (charged)/credited to the consolidated statements of profit or loss and other comprehensive income during the period	114	396	(125)	385
30 June 2020	157	9,045	4,100	13,302

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

As of 31 December 2017, 2018 and 2019 and 30 June 2020, no deferred tax liability has been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that subsidiaries will distribute such earnings to foreign entities in the foreseeable future. As of 31 December 2017, 2018 and 2019 and 30 June 2020, the aggregate amounts of temporary differences associated with investment in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB50,097,000, RMB123,618,000, RMB185,110,000 and RMB267,976,000, respectively.

As of 31 December 2017, 2018 and 2019 and 30 June 2020, the amount of tax losses for which deferred tax assets have not been recognised totalled approximately nil, nil, RMB3,576,000 and RMB10,420,000, respectively. Deferred tax assets have not been recognised in respect of certain tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

18. **Trade receivables**

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	100,681	385,805	492,148	405,074
Impairment	(2,177)	(5,493)	(35,123)	(39,123)
	98,504	380,312	457,025	365,951

The Group's credit terms with its debtors range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB3,422,000, nil, nil and nil as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively, which are repayable on credit terms from one to three months.

Significant concentrations of credit risk are disclosed in note 34 to the Historical Financial Information.

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 60 days	51,465	336,773	384,357	271,859
61 to 180 days	41,729	33,084	37,856	35,871
181 to 365 days	5,172	10,254	33,408	56,172
Over 365 days	138	201	1,404	2,049
	98,504	380,312	457,025	365,951

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	278	2,177	5,493	35,123
Impairment losses, net (note 6)	1,899	3,316	29,630	4,000
At the end of the year/period	2,177	5,493	35,123	39,123

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2017

	Defaulted receivables	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	—	1.44%	80.70%	100.00%	100.00%	2.16%
Gross carrying amount (RMB'000)	—	99,800	715	166	—	100,681
Expected credit losses (RMB'000)	—	1,434	577	166	—	2,177

As at 31 December 2018

	Defaulted receivables	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	—	1.15%	73.09%	100.00%	100.00%	1.42%
Gross carrying amount (RMB'000)	—	384,548	747	345	165	385,805
Expected credit losses (RMB'000)	—	4,437	546	345	165	5,493

As at 31 December 2019

	Defaulted receivables	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	100.00%	1.10%	74.38%	100.00%	100.00%	7.14%
Gross carrying amount (RMB'000)	24,918	460,674	5,481	565	510	492,148
Expected credit losses (RMB'000)	24,918	5,053	4,077	565	510	35,123

As at 30 June 2020

	Defaulted receivables	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate.	100.0%	1.81%	77.73%	100.00%	100.00%	9.66%
Gross carrying amount (RMB'000)	23,668	370,597	9,201	1,017	591	405,074
Expected credit losses (RMB'000)	23,668	6,695	7,152	1,017	591	39,123

19. **Prepayments, other receivables and other assets**

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Included in non-current assets:				
Prepayments	161	581	2,738	2,402
Included in current assets:				
Prepayments	9,047	18,972	82,095	129,009
Prepayments for investment in film	—	—	5,000	5,000
Value-added tax recoverable	—	535	11,516	22,761
Deposits	1,601	16,629	8,098	12,493
	10,648	36,136	106,709	169,263

None of the above assets is past due. The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the loss allowance was assessed to be minimal.

As there was no significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). As at 31 December 2017, 2018 and 2019 and 30 June 2020, the credit rating of other receivables was performing. The Group assessed that the expected credit losses for these receivables were not material under the 12-month expected losses method. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the outstanding other receivable balances of the Group is not significant. The expected credit loss rate is close to zero.

20. **Financial assets at fair value through profit or loss**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other unlisted investments, at fair value	—	—	—	42,000

The financial assets at fair value through profit or loss in six months ended 30 June 2020 is a bank wealth management product with non-guaranteed principal and floating return of investment. The Group can redeem the assets any day and the proceeds will return on the same day. The fair value of the product does not have observable market data. The Group used discounted cash flows approach to value the fair value of the financial product as at 30 June 2020. Due to the short period and low expected return rate ranging from 2.77% to 3.00% per annum, the Group considered the fair value of financial product approximately to the cost.

21. **Cash and cash equivalents**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits	26,190	6,300	34,840	44,796
Denominated in:				
RMB	26,190	6,300	34,474	44,722
HKD	—	—	361	38
USD	—	—	5	36
	26,190	6,300	34,840	44,796

Cash at banks earns interest at floating rates based on daily bank deposits rates. The bank balances are deposited with creditworthy banks with no recent history of default. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. **Trade payables**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	48,552	147,771	179,633	115,041

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	32,561	140,386	179,229	113,305
91 to 365 days	15,991	5,498	315	1,378
Over 1 year	—	1,887	89	358
	48,552	147,771	179,633	115,041

The trade payables are non-interest-bearing and are normally settled within 30 to 90 days.

23. **Other payables and accruals**

		As at 31 December			As at 30 June
		2017	2018	2019	2020
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Payroll and bonus payables		1,242	3,708	5,784	4,966
Tax payables		2,862	4,581	5,106	9,729
Collections from customers	(a)	1,807	4,351	7,006	26,637
Other payables	(b)	475	12,423	7,001	9,070
		6,386	25,063	24,897	50,402

Notes:

(a) Collections from customers are collections from customers seeking for advertisement distribution services.

(b) Other payables are non-interest-bearing and repayable on demand.

24. **Contract liabilities**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Included in current liabilities				
Online marketing services revenue	5,000	16,319	37,353	62,756

Notes:

(a) Online marketing services revenue primarily consists of the unrecognised revenue from amount prepaid by customers, where there is still an implied obligation to be provided by the Group over time. The contract liabilities increased from RMB16,319,000 as of 31 December 2018 to RMB37,353,000 as of 31 December 2019, primarily due to the business expansion during the year ended 31 December 2019.

(b) Revenue recognised in relation to contract liabilities
The following table shows the amounts of revenue recognised in the consolidated statements of profit or loss and other comprehensive income for the respective years relating to contract liabilities brought forward.

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities	1,250	5,000	16,319	37,353

25. **Interest-bearing bank borrowings**

As at 31 December 2018

	Effective interest rate (%)	Maturity	RMB'000
Bank loans — guaranteed	6.09-6.20	2019	27,800

As at 31 December 2019

	Effective interest rate (%)	Maturity	RMB'000
Bank loans — guaranteed	5.22-6.20	2020	91,547

As at 30 June 2020

	Effective interest rate (%)	Maturity	RMB'000
Bank loans — guaranteed	4.79-6.20	2021	80,942

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	—	27,800	91,547	80,942

Notes:

(a) As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's overdraft facilities amounted to nil, RMB115,000,000, RMB67,500,000 and RMB9,450,000, respectively, of which nil, RMB15,000,000, RMB67,500,000 and RMB7,700,000 had been utilised as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

(b) All of the Group's bank loans are guaranteed by certain related parties at no cost. The guarantee amounts provided by the related parties as at 31 December 2017, 2018 and 2019 and 30 June 2020 are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wang Chen, Mr. Qin Miaomiao, Mr. Xu Jiaqing, Mr. Dai Liqun, and Netjoy Network	—	15,000	—	—
Mr. Wang Chen, Ms. Zhao Xia and Mr. Qin Miaomiao	—	3,000	—	—
Mr. Wang Chen and Ms. Zhao Xia	—	4,800	—	—
Mr. Wang Chen, Mr. Xu Jiaqing, Mr. Qin Miaomiao and Letui Culture	—	5,000	—	—
Mr. Wang Chen, Ms. Zhao Xia, Mr. Xu Jiaqing, Ms. Zhong Wenjuan, Mr. Dai Liqun and Ms. Peng Ting	—	—	23,013	—
Mr. Wang Chen, Mr. Xu Jiaqing and Mr. Dai Liqun	—	—	20,286	30,297
Mr. Wang Chen, Mr. Xu Jiaqing, Mr. Dai Liqun and Netjoy Network	—	—	33,226	28,593
Mr. Wang Chen, Ms. Zhao Xia and Netjoy Network	—	—	15,022	—
Mr. Wang Chen, Ms. Zhao Xia, Mr. Xu Jiaqing, Ms. Zhong Wenjuan, and Netjoy Network	—	—	—	15,052
Mr. Wang Chen, Ms. Zhao Xia, Mr. Xu Jiaqing, Ms. Zhong Wenjuan	—	—	—	7,000

(c) As at 31 December 2018, a bank loan with an amount of RMB4,800,000 was guaranteed by Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs ("上海市中小微企業政策性融資擔保基金管理中心") from 14 March 2018 to 13 March 2019.

(d) As at 31 December 2019, a bank loan with an amount of RMB8,000,000 was guaranteed by Shanghai Re-guarantee Co., Ltd. ("上海市再擔保有限公司") from 28 March 2019 to 27 March 2020.

26. Share capital

	As at 31 December	As at 30 June
	2019	2020
	RMB'000	RMB'000
Authorised:		
1,000,000,000 ordinary shares of US$0.00005 each	350	350

	As at 30 June
	2020
	RMB'000
Issued and fully paid:	
238,386,430 ordinary shares of US$0.00005 each	84

The Company was incorporated in the Cayman Islands under the Companies law as an exempted company with limited liability on 29 March 2019 with authorised share capital of USD50,000 divided into 50,000 shares of a par value of USD1.00 each. On 8 November 2019, the authorised share capital of the Company was subdivided from USD50,000 divided into 50,000 Shares with a par value of USD1.00 each to USD50,000 divided into 1,000,000,000 Shares with a par value of USD0.00005 each. As at 31

December 2019, 535,529,083 ordinary shares were allotted and issued but have not been paid. 238,386,430 ordinary shares were fully paid for the six months ended 30 June 2020. As at 30 June 2020, 297,142,653 ordinary shares were allotted and issued but have not been paid and 238,386,430 ordinary shares were allotted and issued and fully paid. There was no authorised and issued capital as at 31 December 2017 and 2018 since the Company has not yet been incorporated.

27. **Reserves**

The Group

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

Capital reserve

The capital reserve of the Group represents the sum of capital reserves of the entities now comprising the Group, after elimination of intra-group balances, attributable to the controlling shareholder. The additions during the Relevant Periods represent the contributions to paid-in-capital of those entities, both directly and indirectly, by the controlling shareholder.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the subsidiaries of the Group which are domestic enterprises, is required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC GAAP, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

28. **Commitments**

The Group had the following capital commitments at the end of the Relevant Periods:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for:				
Leasehold improvements	—	—	—	2,102

29. **Investment in a subsidiary – Company**

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in a subsidiary	—	—	360	360

30. **Related party transactions**

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

Name of related parties	Relationship with the Group
Shanghai Kijiji Information Technology Co., Ltd. ("Kijiji")*	A shareholder which has significant influence over the Group
Baixing Net Co., Ltd. ("Baixing Net")	An entity controlled by a director of the Group
Tianjin Shangzequn Business Information Consulting Co., Ltd. ("Shangzequn")*	An entity controlled by a director of the Group
Buwei	An associate of the Group
Yunlin	An associate of the Group
Horgos Buwei Information Technology Co., Ltd. ("Horgos Buwei")	An entity controlled by the Group
Mr. Xu Jiaqing	Director
Mr. Dai Liqun	Director
Mr. Wang Chen	Chief Executive Director
Ms. Zhao Xia	Spouse of Mr. Wang Chen
Ms. Zhong Wenjuan	Spouse of Mr. Xu Jiaqing
Ms. Peng Ting	Senior management of the Group

* Kijiji and Shangzequn are subsidiaries of Baixing Net.

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods.

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Services provided to related parties:					
Baixing Net	1,301	340	139	85	108
Kijiji	454	1,762	4,616	4,616	—
Shangzequn	1,297	—	—	—	—
Buwei	5,025	2,628	—	—	—
Services provided by related parties:					
Baixing Net	55	—	—	—	—
Yunlin	—	—	1,567	906	—
Borrowings from:					
Baixing Net	—	100,000	8,000	8,000	—
Mr. Xu Jiaqing	—	2,050	86,750	79,400	—
Mr. Dai Liqun	—	1,000	17,490	6,090	3,710
Mr. Wang Chen	—	2,500	650	—	—
Repayment of borrowings to:					
Baixing Net	—	100,000	8,000	8,000	—
Mr. Xu Jiaqing	—	1,600	86,750	69,529	—
Mr. Dai Liqun	—	1,000	17,490	6,090	3,710
Mr. Wang Chen	—	2,500	650	—	—

For bank loans guaranteed by related parties, please refer to note 25 to the Historical Financial Information. The board of directors of the Company confirmed that all bank loans guarantees provided by related parties will be fully released before the Listing.

(b) The Group had the following balances with related parties at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Amounts due from related parties:				
Trade				
Baixing Net	95	—	—	—
Buwei	3,327	—	—	—
Amounts due to related parties:				
Trade				
Baixing Net	84	15	38	38
Kijiji	258	5,395	237	237
Shangzequn	70	70	70	70
Horgos Buwei	—	—	1,600	—
Buwei	—	—	1,400	—
Yunlin	—	—	23	—
Non-trade				
Mr. Xu Jiaqing	—	450	—	—

The non-trade balances are interest free and repayable on demand. There were no non-trade balances as at 30 June 2020.

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

	Year Ended 31 December			Year Ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Short term employee benefits	505	682	1,270	457	764
Pension scheme contributions	89	112	148	64	17
Total compensation paid to key management personnel	594	794	1,418	521	781

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

31. Notes to the consolidated statements of cash flows

(a) *Major non-cash transactions*

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of RMB2,696,000, nil and RMB6,453,000 and RMB7,193,000, respectively, and lease liabilities of RMB2,696,000, nil and RMB6,453,000 and RMB7,193,000, respectively in respect of lease arrangements for office equipment.

(b) Changes in liabilities arising from financing activities:

	Loan from related parties	Bank borrowings	Lease liabilities	Dividend payables
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	—	5,300	149	—
Changes from financing cash flows	—	(5,540)	(670)	—
New leases	—	—	2,696	—
Interest expense	—	240	101	—
Interest paid classified as operating cash flows	—	—	(101)	—
At 31 December 2017	—	—	2,175	—
At 1 January 2018	—	—	2,175	—
2018 dividends payable	—	—	—	10,973
Changes from financing cash flows	(1,417)	25,180	(652)	—
Interest expense	1,867	2,620	92	—
Interest paid classified as operating cash flows	—	—	(92)	—
At 31 December 2018	450	27,800	1,523	10,973
At 1 January 2019	450	27,800	1,523	10,973
Changes from financing cash flows	(520)	57,523	(3,183)	(10,973)
New leases	—	—	6,453	—
Interest expense	70	6,224	267	—
Interest paid classified as operating cash flows	—	—	(267)	—
At 31 December 2019	—	91,547	4,793	—
At 1 January 2020	—	91,547	4,793	—
Changes from financing cash flows	—	(13,620)	(2,315)	—
New leases	—	—	7,193	—
Interest expense	—	3,015	148	—
Interest paid classified as operating cash flows	—	—	(148)	—
At 30 June 2020	—	80,942	9,671	—

(c) ***Total cash outflow for leases***

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	101	142	839	478
Within financing activities	670	652	3,183	2,315
	771	794	4,022	2,793

32. **Financial instruments by category**

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

As at 31 December 2017

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	98,504
Financial assets included in prepayments, other receivables and other assets	1,601
Cash and cash equivalents	26,190
	126,295

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	48,552
Lease liabilities	2,175
Financial liabilities included in other payables and accruals	2,282
	53,009

As at 31 December 2018

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	380,312
Financial assets included in prepayments, other receivables and other assets	16,629
Cash and cash equivalents	6,300
	403,241

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	147,771
Lease liabilities	1,523
Financial liabilities included in other payables and accruals	5,801
Interest-bearing bank borrowings	27,800
	182,895

As at 31 December 2019

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	457,025
Financial assets included in prepayments, other receivables and other assets	8,098
Cash and cash equivalents	34,840
	499,963

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	179,633
Lease liabilities	4,793
Financial liabilities included in other payables and accruals	14,007
Interest-bearing bank borrowings	91,547
	289,980

As at 30 June 2020

Financial assets

	Financial assets at fair value	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	—	365,951	365,951
Financial assets included in prepayments, other receivables and other assets	—	12,493	12,493
Financial assets at fair value through profit or loss	42,000	—	42,000
Cash and cash equivalents	—	44,796	44,796
	42,000	423,240	465,240

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	115,041
Lease liabilities	9,671
Financial liabilities included in other payables and accruals	35,707
Interest-bearing bank borrowings	80,942
	241,361

33. **Fair value and fair value hierarchy of financial instruments**

Fair values

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

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

The fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

	Fair Value at 31 December			Fair Value at 30 June	Valuation technique	Unobservable input	Sensitivity of fair value to the input
	2017	2018	2019	2020			
	RMB'000	RMB'000	RMB'000	RMB'000			
Financial assets at fair value through profit or loss	—	—	—	42,000	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value

As at 30 June 2020, if the discounted rates on bank wealth management products had been 50 basis points higher/lower, with all other variables held constant, the fair value of the financial assets would have been RMB200 lower/higher.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at fair value through profit or loss:	—	—	42,000	42,000

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2017, 2018 and 2019.

The movements in fair value measurements within Level 3 during the period are as follows:

	Six months ended 30 June 2020
	RMB'000
At 1 January	—
Purchase	42,000
Change in fair value	—
At the end of the period	42,000
Net unrealized gains for the period	—

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

34. **financial risk management objectives and policies**

The Group has various financial assets and liabilities such as cash and cash equivalents, financial assets at fair value through profit or loss, trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks faced by the Group are credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below.

Credit risk

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

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2017, 2018 and 2019 and 30 June 2020. The amounts presented are gross carrying amounts for financial assets.

Maximum exposure and year-end staging as at 31 December 2017

	12-month ECLs	Lifetime ELCs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	98,504	98,504
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,601	—	—	—	1,601
Cash and cash equivalents					
— not yet past due	26,190	—	—	—	26,190
	27,791	—	—	98,504	126,295

Maximum exposure and year-end staging as at 31 December 2018

	12-month ECLs	Lifetime ELCs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	380,312	380,312
Financial assets included in prepayments, other receivables and other assets					
— Normal**	16,629	—	—	—	16,629
Cash and cash equivalents					
— not yet past due	6,300	—	—	—	6,300
	22,929	—	—	380,312	403,241

Maximum exposure and year-end staging as at 31 December 2019

	12-month ECLs	Lifetime ELCs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	457,025	457,025
Financial assets included in prepayments and other receivables					
— Normal**	8,098	—	—	—	8,098
Cash and cash equivalents					
— not yet past due	34,840	—	—	—	34,840
	42,938	—	—	457,025	499,963

Maximum exposure and year-end staging as at 30 June 2020

	12-month ECLs	Lifetime ELCs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	365,951	365,951
Financial assets included in prepayments and other receivables					
— Normal**	12,493	—	—	—	12,493
Cash and cash equivalents					
— not yet past due	44,796	—	—	—	44,796
	57,289	—	—	365,951	423,240

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

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

Further quantitative data in respect of the Group's exposure financial statements to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

	As at 31 December 2017			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	48,552	—	—	48,552
Lease liabilities	—	683	1,671	2,354
Financial liabilities included in other payables and accruals	2,282	—	—	2,282
	50,834	683	1,671	53,188

	As at 31 December 2018			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	147,771	—	—	147,771
Lease liabilities	—	716	921	1,637
Financial liabilities included in other payables and accruals	5,801	—	—	5,801
Interest-bearing bank borrowings	—	28,444	—	28,444
	153,572	29,160	921	183,653

	As at 31 December 2019			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	179,633	—	—	179,633
Lease liabilities	—	4,229	830	5,059
Financial liabilities included in other payables and accruals	14,007	—	—	14,007
Interest-bearing bank borrowings	—	92,568	—	92,568
	193,640	96,797	830	291,267

	As at 30 June 2020			
	On demand	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	115,041	—	—	115,041
Lease liabilities	—	6,140	4,179	10,319
Financial liabilities included in other payables and accruals	35,707	—	—	35,707
Interest-bearing bank borrowings	—	82,520	—	82,520
	150,748	88,660	4,179	243,587

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

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

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

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	64,914	225,296	357,284	331,686
Total assets	139,685	433,519	638,961	670,523
Debt-to-asset ratios	46%	52%	56%	49%

35. **Events after the relevant periods**

Up to the date of this report, management is not aware of any cases of COVID-19 (the 2019 novel coronavirus) infection among employees of the Group and the outbreak did not pose any significant impact to the Group's operations. The Group currently has set up a response plan in place. Management will continue to monitor and assess the ongoing development and respond accordingly.

36. **Subsequent financial statements**

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.