

The following is the text of a report set out on pages I-1 to I-[102], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BAIWANG CO., LTD. AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Baiwang Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages [I-4] to [I-102], which comprises the consolidated statements of financial position of the Group as at December 31, 2020, 2021 and 2022 and September 30, 2023, the statements of financial position of the Company as at December 31, 2020, 2021 and 2022 and September 30, 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2022 and the nine months ended September 30, 2023 (the “Track Record Period”) and a summary of material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-102] forms an integral part of this report, which has been prepared for inclusion in the [●] of the Company dated [date1] (the “[●]”) in connection with the [●] of 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 preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “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.

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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’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group’s financial position as at December 31, 2020, 2021 and 2022 and September 30, 2023, of the Company’s financial position as at December 31, 2020, 2021 and 2022 and September 30, 2023, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2022 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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

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come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 16 to the Historical Financial Information which states that no dividend was declared or paid by the Company or its subsidiaries in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (the “IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Nine months ended	
		2020 RMB'000	2021 RMB'000	2022 RMB'000	September 30, 2022 RMB'000 (Unaudited)	2023 RMB'000
Revenue	7	291,115	453,763	525,765	377,253	468,442
Cost of sales	11	(156,807)	(237,600)	(311,475)	(221,026)	(332,121)
Gross profit		134,308	216,163	214,290	156,227	136,321
Other income	8	2,741	2,700	9,875	5,208	2,777
Impairment losses under expected credit loss model, net of reversal	9	(792)	(1,751)	(1,217)	(1,588)	(1,283)
Other gains and losses	10	(1,283)	(1,301)	(2,330)	(2,293)	(989)
Research and development expenses	11	(114,137)	(137,777)	(144,281)	(108,514)	(135,460)
Administrative expenses	11	(56,011)	(137,091)	(73,504)	(55,594)	(144,938)
[REDACTED]	11	–	(6,366)	(16,307)	(10,087)	(18,642)
Distribution and selling expenses	11	(77,901)	(132,725)	(98,876)	(69,234)	(149,137)
Operating loss		(113,075)	(198,148)	(112,350)	(85,875)	(311,351)
Finance income	12	3,940	10,583	10,314	8,005	5,474
Finance costs	13	(738)	(243)	(1,567)	(1,218)	(806)
Fair value changes of financial assets and liabilities at fair value through profit or loss (the “FVTPL”)	14	(285,910)	(265,523)	(53,491)	(20,309)	97,798
Share of results of associates and joint ventures		6,983	4,958	1,069	(2,347)	(4,524)
Loss before tax		(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Income tax expenses	15	–	–	(199)	(121)	(48)
Loss and total comprehensive expense for the year/period		(388,800)	(448,373)	(156,224)	(101,865)	(213,457)
Attributable to:						
Owners of the Company		(388,800)	(446,938)	(153,501)	(99,690)	(212,270)
Non-controlling interests		–	(1,435)	(2,723)	(2,175)	(1,187)
		(388,800)	(448,373)	(156,224)	(101,865)	(213,457)
Loss per share attributable to owners of the Company						
– Basic and diluted (RMB)	17	(2.78)	(3.19)	(1.10)	(0.71)	(1.52)

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at
	NOTES	2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
Non-current assets					
Property, plant and equipment	20	11,501	8,042	8,703	10,412
Right-of-use assets	21	10,667	36,408	24,609	18,494
Intangible assets	22	865	7,644	6,961	6,931
Investments in associates	23	80,027	75,171	87,027	87,479
Investments in joint ventures	24	8,333	9,739	10,845	13,874
Deposits paid for investment in an associate	23	–	5,200	–	–
Financial assets at FVTPL	25	–	19,440	39,487	32,648
Contract costs	29	21,968	36,471	38,088	39,822
Contract assets	32	692	1,239	161	245
Long-term bank deposits	30	52,506	103,027	106,427	–
Prepayments		5,000	671	–	–
		<u>191,559</u>	<u>303,052</u>	<u>322,308</u>	<u>209,905</u>
Current assets					
Inventories	27	13,399	8,972	10,992	6,266
Contract costs	29	28,086	18,245	42,026	49,354
Contract assets	32	64,619	68,836	77,891	84,126
Trade and other receivables, deposits and prepayments	28	57,793	78,332	85,188	81,374
Amounts due from related parties	42	2,987	19,260	3,631	7,225
Financial assets at FVTPL	25	200,666	218,856	400,900	351,770
Restricted bank deposits	30	847	515	103	2,063
Short-term bank deposits with maturity over three months	30	30,198	104,785	80,472	108,970
Cash and cash equivalents	30	273,102	505,006	237,206	211,360
		<u>671,697</u>	<u>1,022,807</u>	<u>938,409</u>	<u>902,508</u>
Current liabilities					
Lease liabilities	21	6,578	10,312	18,442	14,425
Trade and other payables	31	162,574	140,465	136,919	144,286
Tax liabilities		–	–	31	186
Contract liabilities	32	104,817	130,631	165,476	161,333
Financial liabilities at FVTPL	33	–	216,650	2,151,922	2,057,386
Amounts due to related parties	42	29,518	14,020	11,052	15,883
		<u>303,487</u>	<u>512,078</u>	<u>2,483,842</u>	<u>2,393,499</u>
Net current assets (liabilities)		<u>368,210</u>	<u>510,729</u>	<u>(1,545,433)</u>	<u>(1,490,991)</u>
Total assets less current liabilities		<u>559,769</u>	<u>813,781</u>	<u>(1,223,125)</u>	<u>(1,281,086)</u>

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	NOTES	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
Capital and reserves					
Share capital	34	140,000	140,000	140,000	140,000
Reserves		(940,747)	(1,226,267)	(1,369,299)	(1,417,878)
Deficits attributable to owners of					
the Company		(800,747)	(1,086,267)	(1,229,299)	(1,277,878)
Non-controlling interests		–	(1,435)	(4,158)	(5,345)
Total deficits		<u>(800,747)</u>	<u>(1,087,702)</u>	<u>(1,233,457)</u>	<u>(1,283,223)</u>
Non-current liabilities					
Lease liabilities	21	304	25,364	7,354	2,137
Financial liabilities at FVTPL	33	1,360,212	1,876,119	2,830	–
Deferred tax liabilities	26	–	–	148	–
		<u>1,360,516</u>	<u>1,901,483</u>	<u>10,332</u>	<u>2,137</u>
Total deficits and non-current liabilities		<u>559,769</u>	<u>813,781</u>	<u>(1,223,125)</u>	<u>(1,281,086)</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at
	NOTES	2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
Non-current assets					
Property, plant and equipment	20	11,479	8,039	8,675	10,053
Right-of-use assets	21	10,667	36,408	24,609	16,273
Intangible assets	22	865	7,638	6,957	6,928
Investment in subsidiaries		83,017	83,017	103,017	103,017
Investments in associates	23	79,901	74,144	74,169	74,292
Investments in joint ventures	24	8,333	9,739	10,845	10,676
Financial assets at FVTPL	25	–	19,440	19,443	18,234
Contract costs	29	21,968	36,471	38,088	39,822
Contract assets	32	692	1,239	161	245
Long-term bank deposits	30	52,506	103,027	106,427	–
Prepayments		5,000	671	–	–
		<u>274,428</u>	<u>379,833</u>	<u>392,391</u>	<u>279,540</u>
Current assets					
Inventories	27	13,525	9,000	10,992	6,266
Contract costs	29	28,086	18,245	42,026	49,354
Contract assets	32	62,521	56,775	61,072	72,152
Trade and other receivables, deposits and prepayments	28	46,233	47,723	61,036	63,193
Amounts due from related parties	42	40,019	189,826	97,934	121,470
Financial assets at FVTPL	25	200,666	218,856	400,900	351,770
Restricted bank deposits	30	847	515	103	2,063
Short-term bank deposits with maturity over three months	30	30,198	84,535	80,472	108,970
Cash and cash equivalents	30	238,661	377,807	158,369	149,133
		<u>660,756</u>	<u>1,003,282</u>	<u>912,904</u>	<u>924,371</u>
Current liabilities					
Lease liabilities	21	6,578	10,312	18,442	13,578
Trade and other payables	31	137,226	94,184	101,419	111,893
Contract liabilities	32	102,200	122,571	156,899	154,890
Financial liabilities at FVTPL	33	–	216,650	2,151,922	2,057,386
Amounts due to related parties	42	80,220	59,643	39,621	57,512
		<u>326,224</u>	<u>503,360</u>	<u>2,468,303</u>	<u>2,395,259</u>
Net current assets (liabilities)		<u>334,532</u>	<u>499,922</u>	<u>(1,555,399)</u>	<u>(1,470,888)</u>
Total assets less current liabilities		<u>608,960</u>	<u>879,755</u>	<u>(1,163,008)</u>	<u>(1,191,348)</u>

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		As at December 31,			As at
	NOTES	2020	2021	2022	September 30,
		RMB’000	RMB’000	RMB’000	2023
					RMB’000
Capital and reserves					
Share capital	34	140,000	140,000	140,000	140,000
Reserves	35	<u>(891,556)</u>	<u>(1,161,728)</u>	<u>(1,310,362)</u>	<u>(1,332,161)</u>
Total deficits		<u>(751,556)</u>	<u>(1,021,728)</u>	<u>(1,170,362)</u>	<u>(1,192,161)</u>
Non-current liabilities					
Lease liabilities	21	304	25,364	7,354	813
Financial liabilities at FVTPL	33	<u>1,360,212</u>	<u>1,876,119</u>	<u>–</u>	<u>–</u>
		<u>1,360,516</u>	<u>1,901,483</u>	<u>7,354</u>	<u>813</u>
Total deficits and non-current liabilities		<u>608,960</u>	<u>879,755</u>	<u>(1,163,008)</u>	<u>(1,191,348)</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Capital reserves RMB'000	Attributable to owners of the Company		Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			Share-based payments reserves RMB'000 (Note 36)	Accumulated losses RMB'000			
As at January 1, 2020	140,000	337,438	-	(939,157)	(461,719)	-	(461,719)
Loss and total comprehensive expense for the year	-	-	-	(388,800)	(388,800)	-	(388,800)
Recognition of share-based payment expenses	-	-	49,772	-	49,772	-	49,772
Cancellation of share-based payment expenses	-	-	(41,429)	41,429	-	-	-
As at December 31, 2020	140,000	337,438	8,343	(1,286,528)	(800,747)	-	(800,747)
Loss and total comprehensive expense for the year	-	-	-	(446,938)	(446,938)	(1,435)	(448,373)
Recognition of share-based payment expenses	-	118,606	42,812	-	161,418	-	161,418
As at December 31, 2021	140,000	456,044	51,155	(1,733,466)	(1,086,267)	(1,435)	(1,087,702)
Loss and total comprehensive expense for the year	-	-	-	(153,501)	(153,501)	(2,723)	(156,224)
Recognition of share-based payment expenses	-	-	10,469	-	10,469	-	10,469
As at December 31, 2022	140,000	456,044	61,624	(1,886,967)	(1,229,299)	(4,158)	(1,233,457)
Loss and total comprehensive expense for the period	-	-	-	(212,270)	(212,270)	(1,187)	(213,457)
Recognition of share-based payment expenses	-	114,126	49,565	-	163,691	-	163,691
Forfeiture of share-based payment expenses	-	-	(8,343)	8,343	-	-	-
As at September 30, 2023	140,000	570,170	102,846	(2,090,894)	(1,277,878)	(5,345)	(1,283,223)
As at January 1, 2022	140,000	456,044	51,155	(1,733,466)	(1,086,267)	(1,435)	(1,087,702)
Loss and total comprehensive expense for the period (unaudited)	-	-	-	(99,690)	(99,690)	(2,175)	(101,865)
Recognition of share-based payment expenses (unaudited)	-	-	7,511	-	7,511	-	7,511
As at September 30, 2022 (unaudited)	140,000	456,044	58,666	(1,833,156)	(1,178,446)	(3,610)	(1,182,056)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
OPERATING ACTIVITIES					
Loss before tax	(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Adjustments for:					
Share of results of associates and joint ventures	(6,983)	(4,958)	(1,069)	2,347	4,524
Share-based payment expenses	49,772	161,418	10,469	7,511	163,691
Depreciation of property, plant and equipment	6,381	5,611	3,453	2,550	2,724
Amortization of intangible assets	276	952	1,019	734	1,041
Depreciation of right-of-use assets	10,143	10,139	12,463	9,509	9,807
Loss on disposal of property, plant and equipment	9	6	30	–	31
Gain on early termination of a lease	–	–	–	–	(4)
Finance costs	738	243	1,567	1,218	806
Impairment losses under expected credit loss model, net of reversal	792	1,751	1,217	1,588	1,283
Interest income	(2,198)	(6,063)	(3,872)	(3,156)	(2,543)
Gain on partial disposal of investment in an associate	–	(1,613)	–	–	–
Fair value changes of financial assets and liabilities at FVTPL	285,910	265,523	53,491	20,309	(97,798)
Operating cash flows before movements in working capital	(43,960)	(15,364)	(77,257)	(59,134)	(129,847)
(Increase) decrease in inventories	(1,120)	4,524	(1,991)	(1,515)	4,726
(Increase) decrease in trade and other receivables, deposits and prepayments	(12,266)	(21,065)	(5,598)	6,671	9,044
Decrease (increase) in amounts due from related parties	2,605	(16,273)	18,538	(1,074)	(4,724)
Decrease in amounts due to related parties	(9,057)	(15,498)	(2,968)	1,014	4,831
Increase in contract costs	(15,486)	(4,662)	(25,398)	(23,842)	(9,062)
Increase in contract assets	(48,289)	(4,801)	(8,172)	(37,782)	(6,564)
Increase (decrease) in contract liabilities	6,477	25,814	34,845	1,077	(4,143)
Increase (decrease) in trade and other payables	41,027	33,336	3,745	(17,564)	7,367
Cash used in operations	(80,069)	(13,989)	(64,256)	(132,149)	(128,372)
Income taxes paid	–	–	(20)	(50)	(41)
NET CASH USED IN OPERATING ACTIVITIES	(80,069)	(13,989)	(64,276)	(132,199)	(128,413)

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	Year ended December 31,			Nine months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(2,958)	(2,120)	(4,144)	(3,353)	(4,464)
Purchases of intangible assets	(5,438)	(2,724)	(336)	(159)	(1,011)
Purchases of wealth management products	(1,739,700)	(594,000)	(1,400,000)	(870,000)	(600,000)
Redemption of wealth management products	1,589,700	584,000	1,210,000	680,000	650,000
Placement of term deposits	(30,000)	(150,000)	(80,000)	–	–
Withdrawal of term deposits	–	30,000	100,000	20,000	80,000
Deposits paid for investment in an associate	–	(5,200)	(5,000)	(5,000)	–
Investments in associates	(31,760)	(21,836)	(11,922)	(11,922)	(3,054)
Investments in joint ventures	–	–	–	–	(4,951)
Payments for associates with preferential rights investments and the arrangement/right to receive additional shares at nominal consideration	–	(34,015)	(16,623)	(16,623)	–
Interest of term deposits and wealth management products	10,975	5,668	17,809	9,247	6,873
Acquisition of a subsidiary	–	119	–	–	–
Placement of restricted bank deposits	(153)	(86)	(103)	(53)	(2,026)
Withdrawal of restricted bank deposits	288	418	515	422	66
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(209,046)	(189,776)	(189,804)	(197,441)	121,433
FINANCING ACTIVITIES					
Prepayments of share issued costs	–	(671)	(1,706)	(270)	(5,138)
Issue of shares with preferential rights	105,200	443,507	–	–	–
Repayments of lease liabilities	(11,017)	(7,167)	(12,014)	(11,704)	(13,728)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	94,183	435,669	(13,720)	(11,974)	(18,866)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(194,932)	231,904	(267,800)	(341,614)	(25,846)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	468,034	273,102	505,006	505,006	237,206
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	273,102	505,006	237,206	163,392	211,360

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Baiwang Co., Ltd. was incorporated in Beijing, People’s Republic of China (the “PRC”) on May 4, 2015 as a joint stock company with limited liability under the Company Law (PRC, 2013 Revision). The registered office and principal place of business of the Company is 14/F & 15/F, Building 1, Division 1, No. 81 Beiqing Road, Haidian District, Beijing, the PRC.

The Group is principally engaged in the provision of cloud-based software-as-a-service (the “SaaS”) solutions and on-premises solutions for financial and tax compliance management, data-driven intelligence solutions as well as other enterprise needs, in the PRC. Ms. Chen Jie, Ningbo Xiu’an Enterprise Management Partnership (Limited Partnership) 寧波修安企業管理合夥企業(有限合夥) (“Ningbo Xiu’an”) (formerly known as Ningbo Xiu’an Equity Investment Partnership (Limited Partnership) (寧波修安股權投資合夥企業(有限合夥))) and Tianjin Duoying Technology Center (Limited Partnership) (天津多盈科技中心(有限合夥)) (“Tianjin Duoying”) are controlling shareholders of the Company.

The Historical Financial Information is presented in the currency of RMB, which is also the functional currency of the Group.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information had been prepared based on the accounting policies set out in Note 4 which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance (the “Companies Ordinance”).

As at September 30, 2023, the Group and the Company had net current liabilities of RMB1,490,991,000 and RMB1,470,888,000. The net current liabilities primarily arise from the shares with preferential rights (the “Shares with Preferential Rights”) amounting RMB2,057,386,000 as at September 30, 2023, of which all were classified as current liabilities as the Company has no control over certain conditions to defer payment over twelve months with the key terms as detailed in Note 33 within one year from September 30, 2023. As disclosed in Note 33, in June 2023, the Company and the holders of the Shares with Preferential Rights have entered into a supplemental agreement, and the directors of the Company (the “Directors”) have considered that the redemption rights of these Shares with Preferential Rights cease to be exercisable and as a result, the Shares with Preferential Rights are not expected to be redeemed under the conditions detailed in Note 33 within twelve months since September 30, 2023.

Based on the working capital forecast of the Group for the next twelve months, taking into account the financial resources available to the Group, including cash and cash equivalents and wealth management products issued by banks on hand, and additional financing, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of this report. Accordingly, the Directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information, the Group has consistently applied the accounting policies which conform with IFRSs that are effective for the accounting period beginning on January 1, 2023 throughout the Track Record Period.

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New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> ²
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> ²
Amendments to IAS 21	<i>Lack of Exchangeability</i> ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2024

³ Effective for annual periods beginning on or after January 1, 2025

The Directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

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4.2 Business combinations or asset acquisitions

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standard Committee’s Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases are new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 *Financial Instruments* would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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4.3 Investments in associates and joint ventures

An associate is an entity over which the Group has 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

For investments in associates or joint ventures in the form of ordinary shares and without any preferential rights (and other shares that are substantively the same as ordinary shares), the results and assets and liabilities of associates and joint ventures are incorporated in these Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group’s share of result of an associate or joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Financial interests in associates that are not in the form of ordinary shares or with preferential rights which change the substance of the ordinary shares are accounted for in accordance with IFRS 9.

An investment in an associate or a joint venture in the form of ordinary shares and without any preferential rights (and other shares that are substantively the same as ordinary shares) is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

4.4 Revenue from contracts with customers

The Group recognizes revenue when performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Unearned revenue awards to customers related to unsatisfied performance obligations at the end of the period, is included in contract liabilities in the Group’s consolidated statements of financial position.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date (for example, service contracts in which the Group bills a fixed amount for each hour of service provided), the Group recognizes revenue in the amount to which the Group has the right to invoice.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. For financial and tax digitalization solutions and data-driven intelligence solutions, the Group considers itself as a principal and recognize revenue on a gross basis. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. For intelligent supply chain collaboration solutions, the Group considers itself as an agent to recognize revenue on a net basis.

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Recognition of revenue from specific major sources of revenue

The Group derives revenue from its cloud-based and on-premises solutions for financial and tax digitalization solutions, data-driven intelligence solutions and other enterprise needs.

Cloud-based solutions

The Group provides cloud-based SaaS solutions, comprising financial & tax digitalization solutions and data-driven intelligence solutions to its customers.

- (a) financial and tax digitalization solutions
- i. E-invoice compliance management solutions

The Group provides cloud-based financial and tax compliance management solutions in relation to the value-added tax (the “VAT”) through its cloud-based platforms separately or in combination, with products and services including SaaS subscription services, implementation services, supporting hardware devices and software sales as well as associated maintenance and support services. The transaction price is the price after discount if any, and is a fixed amount upon signing the contract. The products cannot be returned unless significant problems are found, which rarely happens.

The SaaS subscription services grant customers the right to access the software functionality in a hosted environment controlled by the Group during the contractual term where the customers do not take possession of the software. The SaaS subscription services, together with the implementation services, if engaged, are highly interdependent and interrelated with each other and represent multiple inputs to a combined output that is transferred to the customers. Accordingly, the SaaS subscription services and the implementation services are accounted for as a single performance obligation. Revenue from subscriptions services and implementation services is recognized ratably beyond the initial contractual period when those future goods or services are transferred over the expected customers’ life, primarily based on anticipated renewal period and the estimated life of such services demand.

For the contracts that the customers pay by usage, the revenue is recognized based on the usage report on monthly basis. The performance obligation of such services is satisfied over time as the customers simultaneously receive and consume the benefits. For intelligent financial and tax management solutions contracts which customers pay by usage, they are billed based on the number of service instances provided at fixed rate. The Group has a right to invoice in an amount that corresponds directly with the value of the Group’s performance completed to date. Revenue from the provision of intelligent financial and tax management solutions is recognized in an amount to which the Group has a right to invoice.

Supporting hardware devices and software purchased from third parties and sold in combination with the solutions are accounted for as separate performance obligations because they have standalone functionality and are capable of being distinct. The revenue is recognized at a point in time when the supporting hardware devices and software are accepted by the customers.

The Group also provides maintenance and support services which mainly include on-demand user support services. The customers pay on a fixed fee rate per period. These services are accounted for as separate performance obligations because they are capable of being distinct. Revenue is recognized ratably over their respective contractual terms.

The Group normally requests an upfront payment of about 10%-30% of the contract price. After the solutions are implemented and accepted by the customers, the remaining contract price is to be settled by the customers in installments over 5 to 90 days. About 5%-10% of the contract price is withheld by the customers and will be released upon completion of the warranty period (normally 2-3 years after the customer acceptance). The services to be provided during the warranty period is considered as an assurance-type warranty in order to ensure the solution will function as needed and is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The management of the Group has assessed the effects of financing component is not significant at contract level and therefore revenue is not adjusted for the effects of time value of money.

The transaction price is allocated among the performance obligations within one solution contract on a stand-alone selling price basis.

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ii. intelligent supply chain collaboration solutions

The Group provides intelligent supply chain collaboration solutions to its customers through its cloud-based platforms. The performance obligation of such services is satisfied at a point in time when the solutions are accepted by the customers.

(b) data-driven intelligence solutions

The Group provides data intelligence products and services through its cloud-based platforms, which comprise digital marketing services and risk intelligence services, primarily to licensed credit reporting agencies and licensed financial service providers.

The customers pay usage-based or sales-based fees, at fixed rate. The usage or sales volume reports are confirmed by customers monthly and the revenue is recognized on such monthly basis.

On-premises financial and tax digitalization solutions

The Group sells its on-premises financial and tax digitalization solutions through customized on-premises software products, supporting hardware devices and software purchased from third parties and the associated maintenance and support services.

The customized on-premises software has standalone functionality and are capable of being distinct and therefore is accounted for a separate performance obligation. The Group considers the grant of the licenses for the on-premises software as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time when the software products are accepted by the customers.

Supporting hardware devices and software and maintenance and support services are recognized the same way as in provision the cloud-based financial and tax digitalization solutions.

Others

The Group provides advertisement publishing services, comprehensive tax, finance and accounting training for enterprises and education institutions. Revenue related to these services is recognized ratably over the contractual terms.

4.5 Contract costs

Costs to fulfill a contract

The Group incurs costs to fulfill a contract in its revenue generating activities. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment assessment.

4.6 Cost of sales

Cost of sales consists primarily of employee benefit expenses, information technology infrastructure and communication charges, depreciation of property, plant and equipment, amortization of costs to fulfill contracts and costs of hardware devices sold. Shipping charges to receive hardware devices from the suppliers are included in inventories, and recognized as cost of revenue upon sale of the hardware devices to the customers.

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4.7 Research and development expenses

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets as at December 31, 2020, 2021 and 2022 and September 30, 2023.

4.8 Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

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Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

4.9 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. The Group received no such government grants during the Track Record Period.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

4.10 Employee benefits

Pension obligations and other social welfare benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, including consolidated affiliated entities of the Group make contributions to the government for these benefits based on certain percentages of the employees’ salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group’s contributions to the defined contribution plans are expensed as incurred and not reduced by being forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4.11 Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed using graded vesting method over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserves. For share options/other share incentives that vest immediately at the date of grant, the fair value of the share options/other share incentives granted is expensed immediately to profit or loss.

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When share options are exercised or other share incentives granted are vested, the amount previously recognized in share-based payments reserves will be transferred to capital reserves. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserves will be transferred to accumulated losses.

Share incentives granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the goods or services qualify for recognition as assets).

Modification to the terms and conditions of the share-based payment arrangement

When the terms and conditions of the share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period. The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

When a grant of share options/other share incentives is canceled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. However, if a new grant is substituted for the canceled one, and is designated as a replacement on the date that it is granted, the Group accounts for the granting of replacement equity instruments in the same way as a modification of the original grant of equity instruments.

4.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit during the Track Record Period. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

4.13 Property, plant and equipment

Property, plant and equipments are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipments are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.14 Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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4.15 Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, contract costs and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16 Inventories

Inventories consist primarily of goods shipped in transit and stock goods, and are stated at the lower of cost and the net realizable value, using the first-in, first-out method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of on-premises solutions are recognized at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

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4.18 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset and financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of each reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in “fair value changes of financial assets at FVTPL”.

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Impairment of financial assets

The Group performs impairment assessment under expected credit loss (the “ECL”) model on financial assets (including term deposits, trade receivables, other receivables, amounts due from related parties, restricted bank deposits and bank balances and cash) and other items including contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (the “12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables, contract assets and amounts due from related parties of trade nature (excluding the prepayments to related parties, where applicable). The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition in which case, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and amounts due from related parties of trade nature using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the Directors to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments.

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Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs. The Shares with Preferential Rights subject to mandatory redemption in cash at the option exercisable by holders by agreed date are classified as financial liabilities as set out in Note 33.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables and amounts due to related parties are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability’s credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits/accumulated losses upon derecognition of the financial liability.

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The Company designates its Shares with Preferential Rights in issuance as financial liabilities at FVTPL, of which the terms are detailed in Note 33. Any directly attributable transaction costs are recognized as finance costs in profit or loss. Fair value changes relating to market risk are recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.19 Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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Critical judgment in applying accounting policies

The following are the critical judgment, apart from those involving estimations (see below), that Directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Identification of performance obligations in contracts with customers

Contracts with customers may include multiple performance obligations. Judgments are made by Directors to determine whether performance obligations are distinct that should be accounted for separately, or not distinct within the context of the contracts and accounted for together. The Directors consider a performance obligation as distinct when the customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and the Group’s promise to transfer the good or service to the customers is separately identifiable from other promises in the contract.

Allocation of transaction price to each distinct performance obligation

When the performance obligations are assessed to be distinct from each other in contracts with customers, the Group allocates the transaction price to each performance obligation based on their relative stand-alone selling prices. The Directors generally determine relative standalone selling prices based on its standard price list, taking into consideration of market conditions and our overall pricing strategy.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Recognition of share-based payment expenses

As set out in Note 36, the Group has granted share options and share economic rights to its employees. The Directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Directors in applying the Binomial option-pricing model. The fair value of share economic rights were based on the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The Directors estimate the expected percentage of grantees that will stay within the Group at the end of the vesting periods of the options and share economic rights (the “Expected Retention Rate”) in order to determine the amount of share-based payment expenses charged to the consolidated income statement. The Expected Retention Rate is assessed based on historical pattern of retentions and management’s best estimates.

Provision for ECL on trade receivables and contract assets

Trade receivables and contract assets with significant balances are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and credit rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates 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, the historical default rates will be adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets are disclosed in Note 40.

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Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses judgments to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Fair value of Shares with Preferential Rights

The Group issued series of Shares with Preferential Rights during the Track Record Period as set out in Note 33. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of these Shares with Preferential Rights as at December 31, 2020, 2021 and 2022 and September 30, 2023 is established by using valuation techniques, which include income approach and equity allocation based on the Black-Scholes option pricing model involving various parameters and inputs. Valuation techniques adopted by an independent qualified professional valuer are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company, possibilities under different scenarios, qualified [REDACTED], redemption, liquidation, time to liquidation, expected volatility value, discount rate and other inputs, require management estimates. The estimates and assumptions are reviewed periodically by the Directors and adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the Shares with Preferential Rights of the Group as at December 31, 2020, 2021 and 2022 and September 30, 2023 are RMB1,360,212,000, RMB2,092,769,000, RMB2,151,922,000 and RMB2,057,386,000, respectively.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognized when the Directors considers it is probable that future taxable profits will be available against which the deductible temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed. The realizability of the deferred tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In assessing the probability that taxable profit will be available, the Group considered criteria, such as whether there was a history of operating losses, and whether tax planning opportunities are available to the Group. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place. The Group does not recognize any deferred tax assets during the Track Record Period.

Recognition of implementation services revenue

As detailed in Note 4.4, the Group recognizes the implementation services revenue ratably beyond the initial contractual period when those future goods or services are transferred over the expected contract life, primarily based on anticipated renewal period and the estimated life of such services demand which is generally 5 years. The Group will revise the expected contract life where it is different from that of previously estimated. Periodic review could result in a change in expected contract life and therefore the revenue recognition in future periods.

6. SEGMENT INFORMATION

The Group does not distinguish revenue, costs and expenses between markets or segments in its internal reporting, and reports costs and expenses by nature as a whole.

While the Group offers cloud-based SaaS solutions and on-premises solutions for financial and tax digitalization solutions, data-driven intelligence solutions as well as other enterprise needs, the Group’s business operates in one operating segment because most of the Group’s sales operate on the Group’s financial and tax digitalization as well as data-driven intelligence related know-hows and the corresponding products and/or services offered are delivered through same pool of resources. In addition, most of the Group’s products and/or services for various revenue types are deployed in a nearly identical way. Therefore, the Group’s chief operating decision maker, who has been identified as the Chief Executive Officer (the “CEO”), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. As the Group’s non-current assets are all located in the PRC and all the Group’s revenue are derived from the PRC, no geographical information is presented.

During the Track Record Period, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group’s revenue.

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7. REVENUE

Revenue is derived from the PRC and comprises the following:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30, 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Cloud-based solutions:					
– Financial and tax digitalization solutions	124,173	156,615	157,996	118,078	129,158
– Data-driven intelligence solutions	62,972	178,597	263,519	190,160	268,175
On-premises financial and tax digitalization solutions	96,861	110,168	93,491	60,280	68,910
Others	7,109	8,383	10,759	8,735	2,199
	<u>291,115</u>	<u>453,763</u>	<u>525,765</u>	<u>377,253</u>	<u>468,442</u>

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30, 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Timing of revenue recognition					
– Over time	188,043	279,125	281,634	215,811	221,739
– At a point in time	103,072	174,638	244,131	161,442	246,703
	<u>291,115</u>	<u>453,763</u>	<u>525,765</u>	<u>377,253</u>	<u>468,442</u>

Unsatisfied performance obligations

The following table shows the Group’s unsatisfied performance obligations resulting from fixed-price contracts for contract terms of more than one year:

	As at December 31,			As at
	2020	2021	2022	September 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Unsatisfied performance obligations	<u>33,672</u>	<u>42,325</u>	<u>48,352</u>	<u>59,996</u>

Management expects that the Group’s unsatisfied performance obligations will be recognized as revenue:

	As at December 31,			As at
	2020	2021	2022	September 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue to be recognized:				
– Within one year	19,576	25,993	31,698	38,200
– between 1 and 2 years	9,669	12,308	14,140	18,223
– more than 2 years	4,427	4,024	2,514	3,573
	<u>33,672</u>	<u>42,325</u>	<u>48,352</u>	<u>59,996</u>

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All other contracts are for contract terms of one year or less. The Group applies the practical expedients under IFRS 15 and does not disclose information about the transaction prices allocated to the remaining performance obligations for the contract where the original expected duration is one year or less, and circumstances where the Group has a right to invoice in an amount that corresponds directly with the value to the customer of the Group’s performance completed to date, including contracts in which the Group bills a fixed amount for each number of service instances provided.

8. OTHER INCOME

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000 (Unaudited)	2023 RMB’000
Government grants	802	1,010	4,206	1,722	1,030
Tax refund (Note)	1,905	1,688	5,365	3,287	1,747
Others	34	2	304	199	–
	<u>2,741</u>	<u>2,700</u>	<u>9,875</u>	<u>5,208</u>	<u>2,777</u>

Note: According to the circular “Announcement of Ministry of Finance, the General Administration of Taxation and the General Administration of Customs on deepening policies related to VAT reformation”, taxpayers who are engaged in production and consumer services industry are allowed to deduct a further 10% and 5% of their deductible input VAT against their VAT payable, both recorded for the period from April 1, 2019 to December 31, 2022 and from January 1, 2023 to December 31, 2023, respectively.

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000 (Unaudited)	2023 RMB’000
Impairment losses, net of reversal, recognized (reversed) on:					
– Trade receivables	564	1,525	1,089	1,027	1,029
– Other receivables	24	189	(67)	32	9
– Contract assets	204	37	195	529	245
	<u>792</u>	<u>1,751</u>	<u>1,217</u>	<u>1,588</u>	<u>1,283</u>

10. OTHER GAINS AND LOSSES

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000 (Unaudited)	2023 RMB’000
Gain on partial disposal of investment in an associate (Note 23)	–	1,613	–	–	–
Loss on disposal of property, plant and equipment	(9)	(6)	(30)	–	(31)
Provisions	(305)	(1,686)	(649)	(649)	–
Others	(969)	(1,222)	(1,651)	(1,644)	(958)
	<u>(1,283)</u>	<u>(1,301)</u>	<u>(2,330)</u>	<u>(2,293)</u>	<u>(989)</u>

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11. EXPENSES BY NATURES

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000	2023 RMB’000
				<i>(Unaudited)</i>	
Employee benefit expenses	216,542	299,306	321,740	232,692	298,753
Referral fees	24,493	64,204	153,605	109,345	165,128
Professional service fees	52,740	51,367	56,374	42,009	56,270
Depreciation of right-of-use assets	10,143	10,139	12,463	9,509	9,807
Commission and channel expenses	2,027	6,568	9,055	5,134	5,928
Outsourcing expenses	6,537	7,937	15,976	12,694	13,587
Traveling and marketing expenses	7,871	12,498	11,164	7,781	15,471
Exhibition and promotion charges	2,637	3,573	7,558	5,695	7,834
Costs of inventories sold	14,886	11,307	8,105	5,779	6,306
Rental and utilities expenses	2,695	3,129	4,675	3,239	4,860
Depreciation of property, plant and equipment	6,381	5,611	3,453	2,550	2,724
Amortization of intangible assets	276	952	1,019	734	1,041
Share-based payment expenses	49,772	161,418	10,469	7,511	163,691
[REDACTED]	–	6,366	16,307	10,087	18,642
Others	7,856	7,184	12,480	9,696	10,256
Total	<u>404,856</u>	<u>651,559</u>	<u>644,443</u>	<u>464,455</u>	<u>780,298</u>

12. FINANCE INCOME

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000	2023 RMB’000
				<i>(Unaudited)</i>	
Interest income					
– Bank deposits	3,940	10,583	9,694	7,540	5,474
– Others	–	–	620	465	–
Total	<u>3,940</u>	<u>10,583</u>	<u>10,314</u>	<u>8,005</u>	<u>5,474</u>

13. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2020 RMB’000	2021 RMB’000	2022 RMB’000	2022 RMB’000	2023 RMB’000
				<i>(Unaudited)</i>	
Interest expenses on lease liabilities (Note 21)	738	243	1,567	1,218	806
Total	<u>738</u>	<u>243</u>	<u>1,567</u>	<u>1,218</u>	<u>806</u>

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14. FAIR VALUE CHANGES OF FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30, 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes in fair values of financial assets at FVTPL					
Wealth management products					
– Net unrealized gain	666	8,856	900	3,043	1,770
– Net realized gain (loss)	10,538	4,046	4,168	(522)	5,501
Investments in associates with preferential rights	–	(14,575)	607	308	(8,531)
Arrangement/right to receive additional shares at nominal consideration	–	–	318	94	1,692
Changes in fair values of financial liabilities at FVTPL					
Shares with Preferential Rights (Note 33)	(297,114)	(263,850)	(59,153)	(23,005)	94,536
Contingent consideration for investment in an associate	–	–	(331)	(227)	2,830
	<u>(285,910)</u>	<u>(265,523)</u>	<u>(53,491)</u>	<u>(20,309)</u>	<u>97,798</u>

15. INCOME TAX EXPENSES

Under the Law of the PRC on Enterprise Income Tax (the “EIT”) and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiaries is 25%.

The Company has been accredited as a “High and New Technical Enterprise” by the Science and Technology Bureau of Beijing and relevant authorities in October 2019 and October 2022 for a term of three years from 2019 to 2021 and from 2022 to 2025 respectively. In accordance with the “Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax”, High and New Technical Enterprise is subject to income tax at a tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “Super Deduction”). As announced by the State Taxation Administration of the PRC in September 2018 and subsequent date, the Super Deduction claim was raised to 175% of research and development expenses incurred from January 1, 2018, and such claim was further increased to 200% for the period from October 1, 2022 to September 30, 2023.

The income tax expenses of the Group is analyzed as follows:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30, 2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PRC EIT					
Current tax	–	–	51	40	196
Deferred tax	–	–	148	81	(148)
	<u>–</u>	<u>–</u>	<u>199</u>	<u>121</u>	<u>48</u>

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The income tax expenses during the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss before tax	(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Tax at the PRC EIT rate of 25%	(97,200)	(112,093)	(39,006)	(25,436)	(53,352)
Tax effect of share of results of associates and joint ventures	(1,746)	(1,240)	(267)	587	1,131
Tax effect of expenses not deductible for tax purpose	88,343	107,944	20,222	8,991	42,536
Tax effect of income not taxable for tax purpose	–	–	–	–	(23,634)
Effect of additional tax deduction for research and development expenses	(9,014)	(11,840)	(14,931)	(11,125)	(10,972)
Utilization of tax losses previously not recognized	(808)	(650)	(6,958)	(5,116)	(186)
Tax effect of tax losses and deductible temporary differences not recognized	20,425	17,879	41,466	32,548	44,525
Effect of preferential tax rate	–	–	(327)	(328)	–
Income tax expenses	–	–	199	121	48

16. DIVIDENDS

No dividends were declared or paid by the Company and its subsidiaries during the Track Record Period.

17. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss by the weighted-average number of ordinary shares outstanding during the Track Record Period. As the Group incurred net losses for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, the diluted potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 are the same as basic loss per share of the respective periods.

The following table sets forth the computation of the basic and diluted loss per share attributable to the owners of the Company during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	2022	2023
	'000	'000	'000	'000	'000
				(Unaudited)	
Loss attributable to owners of the Company (RMB)	(388,800)	(446,938)	(153,501)	(99,690)	(212,270)
Weighted average number of ordinary shares outstanding	140,000	140,000	140,000	140,000	140,000

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18. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ EMOLUMENTS

- (a) Details of the emoluments paid/payable to the Directors during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended December 31, 2020

	Director’s fee RMB’000	Salaries and wages RMB’000	Pension cost- defined contribution plan RMB’000	Other social security costs, housing benefits and other employee benefits RMB’000	Performance bonus RMB’000 (Note I)	Share-based payment expenses RMB’000	Total RMB’000
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) (Note II)	–	833	4	70	300	–	1,207
Mr. Zou Yan (Note VII)	–	296	2	29	202	–	529
Mr. Zhang Jianguo (Note III)	–	849	4	50	–	8,343	9,246
Mr. Yang Zhengdao (Note IV)	–	919	4	70	660	–	1,653
Mr. Wu Jingrun (Note V)	–	573	4	70	–	–	647
Subtotal	–	3,470	18	289	1,162	8,343	13,282
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao (Note VI)	–	–	–	–	–	–	–
Ms. Huang Miao (Note VIII)	–	–	–	–	–	–	–
Mr. Diao Juanhuan (Note IX)	–	–	–	–	–	–	–
Mr. Luo Wenhong (Note X)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) SUPERVISORS							
Mr. Zou Yan (Note VII)	–	414	2	41	283	–	740
Mr. Li Yunfeng (Note XIV)	–	466	4	70	80	–	620
Mr. Zhou Guodong (Note XV)	–	481	4	70	78	–	633
Ms. Chen Xi (Note XVI)	–	434	2	35	159	–	630
Subtotal	–	1,795	12	216	600	–	2,623
Total	–	5,265	30	505	1,762	8,343	15,905

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Year ended December 31, 2021

	Director’s fee RMB’000	Salaries and wages RMB’000	Pension cost- defined contribution plan RMB’000	Other social security costs, housing benefits and other employee benefits RMB’000	Performance bonus RMB’000 (Note I)	Share-based payment expenses RMB’000	Total RMB’000
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) (Note II)	-	889	53	78	600	-	1,620
Mr. Zou Yan (Note VII)	-	743	53	78	648	35,938	37,460
Mr. Yang Zhengdao (Note IV)	-	992	53	78	864	35,938	37,925
Mr. Wu Jingrun (Note V)	-	618	53	78	-	8,343	9,092
Ms. Jin Xin (Note XI)	-	505	24	35	391	5,652	6,607
Subtotal	-	3,747	236	347	2,503	85,871	92,704
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao (Note VI)	-	-	-	-	-	-	-
Ms. Huang Miao (Note VIII)	-	-	-	-	-	-	-
Mr. Diao Juanhuan (Note IX)	-	-	-	-	-	-	-
Mr. Luo Wenhong (Note X)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin (Note XII)	-	-	-	-	-	-	-
Mr. Song Hua (Note XII)	-	-	-	-	-	-	-
Mr. Wu Changhai (Note XII)	-	-	-	-	-	-	-
Mr. Xu Ke (Note XII)	-	-	-	-	-	-	-
Mr. Ng Kwok Yin (Note XIII)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
D) SUPERVISORS							
Mr. Li Yunfeng (Note XIV)	-	520	53	78	126	837	1,614
Mr. Zhou Guodong (Note XV)	-	502	53	78	-	837	1,470
Ms. Chen Xi (Note XVI)	-	870	29	43	466	837	2,245
Mr. Luo Wenhong (Note X)	-	-	-	-	-	-	-
Subtotal	-	1,892	135	199	592	2,511	5,329
Total	-	5,639	371	546	3,095	88,382	98,033

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Year ended December 31, 2022

	Director’s fee RMB’000	Salaries and wages RMB’000	Pension cost- defined contribution plan RMB’000	Other social security costs housing benefits and other employee benefits RMB’000	Performance bonus RMB’000 (Note I)	Share-based payment expenses RMB’000	Total RMB’000
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) (Note II)	-	891	35	104	691	-	1,721
Mr. Zou Yan (Note VII)	-	745	35	104	576	-	1,460
Mr. Yang Zhengdao (Note IV)	-	981	35	104	768	-	1,888
Ms. Jin Xin (Note XI)	-	1,013	35	104	382	-	1,534
Subtotal	-	3,630	140	416	2,417	-	6,603
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao (Note VI)	-	-	-	-	-	-	-
Ms. Huang Miao (Note VIII)	-	-	-	-	-	-	-
Mr. Diao Juanhuan (Note IX)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin (Note XII)	-	-	-	-	-	-	-
Mr. Song Hua (Note XII)	-	-	-	-	-	-	-
Mr. Wu Changhai (Note XII)	-	-	-	-	-	-	-
Mr. Xu Ke (Note XII)	-	-	-	-	-	-	-
Mr. Ng Kwok Yin (Note XIII)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
D) SUPERVISORS							
Mr. Li Yunfeng (Note XIV)	-	532	35	104	121	215	1,007
Mr. Zhou Guodong (Note XV)	-	136	11	33	-	-	180
Mr. Luo Wenhong (Note X)	-	-	-	-	-	-	-
Ms. Shi Haixia (Note XVII)	-	387	44	63	91	2	587
Subtotal	-	1,055	90	200	212	217	1,774
Total	-	4,685	230	616	2,629	217	8,377

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Nine months ended September 30, 2023

	Director’s fee RMB’000	Salaries and wages RMB’000	Pension cost- defined contribution plan RMB’000	Other social security costs housing benefits and other employee benefits RMB’000	Performance bonus RMB’000 (Note I)	Share-based payment expenses RMB’000	Total RMB’000
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) (Note II)	–	669	47	85	515	–	1,316
Mr. Zou Yan (Note VII)	–	619	47	85	429	41,996	43,176
Mr. Yang Zhengdao (Note IV)	–	731	47	85	572	68,243	69,678
Ms. Jin Xin (Note XI)	–	762	47	85	358	–	1,252
Subtotal	–	2,781	188	340	1,874	110,239	115,422
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Miao (Note VIII)	–	–	–	–	–	–	–
Mr. Diao Juanhuan (Note IX)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin (Note XII)	–	–	–	–	–	–	–
Mr. Song Hua (Note XII)	–	–	–	–	–	–	–
Mr. Wu Changhai (Note XII)	–	–	–	–	–	–	–
Mr. Ng Kwok Yin (Note XIII)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
D) SUPERVISORS							
Mr. Li Yunfeng (Note XIV)	–	399	47	85	90	642	1,263
Mr. Luo Wenhong (Note X)	–	–	–	–	–	–	–
Ms. Shi Haixia (Note XVII)	–	303	42	75	31	142	593
Subtotal	–	702	89	160	121	784	1,856
Total	–	3,483	277	500	1,995	111,023	117,278

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Nine months ended September 30, 2022 (unaudited)

	Director’s fee RMB’000	Salaries and wages RMB’000	Pension cost- defined contribution plan RMB’000	Other social security costs housing benefits and other employee benefits RMB’000	Performance bonus RMB’000 (Note I)	Share-based payment expenses RMB’000	Total RMB’000
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) (Note II)	-	668	42	77	515	-	1,302
Mr. Zou Yan (Note VII)	-	559	42	77	429	-	1,107
Mr. Yang Zhengdao (Note IV)	-	736	42	77	572	-	1,427
Ms. Jin Xin (Note XI)	-	759	42	77	358	-	1,236
Subtotal	-	2,722	168	308	1,874	-	5,072
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao (Note VI)	-	-	-	-	-	-	-
Ms. Huang Miao (Note VIII)	-	-	-	-	-	-	-
Mr. Diao Juanhuan (Note IX)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin (Note XII)	-	-	-	-	-	-	-
Mr. Song Hua (Note XII)	-	-	-	-	-	-	-
Mr. Wu Changhai (Note XII)	-	-	-	-	-	-	-
Mr. Xu Ke (Note XII)	-	-	-	-	-	-	-
Mr. Ng Kwok Yin (Note XIII)	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
D) SUPERVISORS							
Mr. Li Yunfeng (Note XIV)	-	398	42	77	90	176	783
Mr. Zhou Guodong (Note XV)	-	136	11	33	-	-	180
Mr. Luo Wenhong (Note X)	-	-	-	-	-	-	-
Ms. Shi Haixia (Note XVII)	-	200	22	40	45	33	340
Subtotal	-	734	75	150	135	209	1,303
Total	-	3,456	243	458	2,009	209	6,375

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Notes:

- I Bonuses are determined based on the Group’s performance and performance of the relevant individual within the Group.
- II Ms. Chen Jie was appointed as executive director of the Company commencing from May 4, 2015 to June 29, 2016 and from January 8, 2017 until now, and Ms. Chen Jie is also the chief executive of the Company.
- III Mr. Zhang Jianguo was appointed as executive director of the Company on April 9, 2018 and resigned on September 9, 2020.
- IV Mr. Yang Zhengdao was appointed as executive director of the Company on October 6, 2017.
- V Mr. Wu Jingrun was appointed as executive director of the Company on October 6, 2017 and resigned on May 8, 2021.
- VI Ms. Huang Haitao was appointed as non-executive director of the Company on December 1, 2015 and resigned on January 4, 2022.
- VII Mr. Zou Yan was appointed as supervisor of the Company on March 1, 2018, resigned on June 30, 2020 and was appointed as executive director of the Company on August 16, 2020.
- VIII Ms. Huang Miao was appointed as non-executive director of the Company on August 1, 2018.
- IX Mr. Diao Juanhuan was appointed as non-executive director of the Company on November 13, 2019.
- X Mr. Luo Wenhong was appointed as non-executive director of the Company on November 13, 2019, resigned on May 8, 2021 and was appointed as supervisor of the Company on May 8, 2021.
- XI Ms. Jin Xin was appointed as executive director of the Company on July 20, 2021.
- XII Mr. Tian Lixin, Mr. Song Hua, Mr. Wu Changhai and Mr. Xu Ke, were appointed as independent non-executive director of the Company on July 20, 2021. Mr. Xu Ke resigned on October 31, 2022.
- XIII Mr. Ng Kwok Yin was appointed as independent non-executive director of the Company on December 25, 2021.
- XIV Mr. Li Yunfeng was appointed as supervisor of the Company on December 1, 2015.
- XV Mr. Zhou Guodong was appointed as supervisor of the Company on December 1, 2015 and resigned on April 1, 2022.
- XVI Ms. Chen Xi was appointed as supervisor of the Company on June 30, 2020 and resigned on May 8, 2021.
- XVII Ms. Shi Haixia was appointed as supervisor of the Company on April 1, 2022.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Also, Ms. Huang Haitao, Ms. Huang Miao, Mr. Diao Juanhuan, and Mr. Luo Wenhong did not receive any remuneration from the Company or the Group for their services provided to the Company and the Group. They were nominated by the Company’s shareholders and their remunerations were borne by the Company’s shareholders.

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(b) Benefits and interests of Directors and supervisors

Except for the emoluments disclosed above, there is no other benefits offered to the Directors or supervisors.

(c) Directors and supervisors’ termination benefits

No director or supervisor’s termination benefit subsisted at the end of the year/period or at any time during the Track Record Period.

(d) Consideration provided to third parties for making available director or supervisor’ services

No consideration provided to third parties for making available director or supervisor’s services subsisted at the end of the year/period or at any time during the Track Record Period.

19. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group during the Track Record Period include 3, 4, 2, 3 (unaudited) and 2 Directors or supervisors for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, respectively, and their emoluments are reflected in the analysis shown in Note 18. The emoluments paid/payable to the remaining individuals during the Track Record Period are as follows:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30, 2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Salaries and wages	1,717	62	2,657	1,373	1,839
Pension cost – defined contribution plan	8	31	173	85	89
Other social security costs, housing benefits and other employee benefits	140	45	246	153	208
Performance bonus	1,028	–	1,240	924	2,710
Share-based payment expenses	–	34,151	2,166	1,102	4,955
Total	2,893	34,289	6,482	3,637	9,801

The emoluments fell within the following bands:

	Number of individuals			Nine months ended	
	Year ended December 31, 2020	2021	2022	September 30, 2022	2023
				(Unaudited)	
Emoluments bands:					
HKD1,000,001 to HKD1,500,000	–	–	–	1	–
HKD1,500,001 to HKD2,000,000	2	–	1	–	–
HKD2,000,001 to HKD2,500,000	–	–	1	–	–
HKD2,500,001 to HKD3,000,000	–	–	–	1	–
HKD3,000,001 to HKD3,500,000	–	–	–	–	1
HKD3,500,001 to HKD4,000,000	–	–	1	–	2
HKD41,000,001 to HKD41,500,000	–	1	–	–	–
Total	2	1	3	2	3

During the Track Record Period, none of the Directors, CEO and supervisors of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the Directors, CEO and supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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20. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office equipment RMB'000	Electronic equipment RMB'000	Special equipment RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST					
As at January 1, 2020	263	4,915	12,641	12,213	30,032
Additions	75	22	2,710	151	2,958
Disposals	–	(90)	–	–	(90)
	<u>338</u>	<u>4,847</u>	<u>15,351</u>	<u>12,364</u>	<u>32,900</u>
As at December 31, 2020	338	4,847	15,351	12,364	32,900
Additions	14	47	2,059	–	2,120
Acquired on acquisition of a subsidiary	–	10	–	28	38
Disposals	–	(69)	–	–	(69)
	<u>352</u>	<u>4,835</u>	<u>17,410</u>	<u>12,392</u>	<u>34,989</u>
As at December 31, 2021	352	4,835	17,410	12,392	34,989
Additions	–	396	2,083	1,665	4,144
Disposals	–	(298)	(75)	–	(373)
	<u>352</u>	<u>4,933</u>	<u>19,418</u>	<u>14,057</u>	<u>38,760</u>
As at December 31, 2022	352	4,933	19,418	14,057	38,760
Additions	–	1,093	2,731	640	4,464
Disposals	–	–	(335)	–	(335)
	<u>352</u>	<u>6,026</u>	<u>21,814</u>	<u>14,697</u>	<u>42,889</u>
As at September 30, 2023	352	6,026	21,814	14,697	42,889
DEPRECIATION					
As at January 1, 2020	49	2,882	4,777	7,391	15,099
Provided for the year	50	1,283	2,634	2,414	6,381
Eliminated upon disposals	–	(81)	–	–	(81)
	<u>99</u>	<u>4,084</u>	<u>7,411</u>	<u>9,805</u>	<u>21,399</u>
As at December 31, 2020	99	4,084	7,411	9,805	21,399
Provided for the year	75	480	2,722	2,334	5,611
Eliminated upon disposals	–	(63)	–	–	(63)
	<u>174</u>	<u>4,501</u>	<u>10,133</u>	<u>12,139</u>	<u>26,947</u>
As at December 31, 2021	174	4,501	10,133	12,139	26,947
Provided for the year	72	157	2,683	541	3,453
Eliminated upon disposals	–	(281)	(62)	–	(343)
	<u>246</u>	<u>4,377</u>	<u>12,754</u>	<u>12,680</u>	<u>30,057</u>
As at December 31, 2022	246	4,377	12,754	12,680	30,057
Provided for the period	52	143	1,980	549	2,724
Eliminated upon disposals	–	–	(304)	–	(304)
	<u>298</u>	<u>4,520</u>	<u>14,430</u>	<u>13,229</u>	<u>32,477</u>
As at September 30, 2023	298	4,520	14,430	13,229	32,477
CARRYING VALUES					
As at December 31, 2020	<u>239</u>	<u>763</u>	<u>7,940</u>	<u>2,559</u>	<u>11,501</u>
As at December 31, 2021	<u>178</u>	<u>334</u>	<u>7,277</u>	<u>253</u>	<u>8,042</u>
As at December 31, 2022	<u>106</u>	<u>556</u>	<u>6,664</u>	<u>1,377</u>	<u>8,703</u>
As at September 30, 2023	<u>54</u>	<u>1,506</u>	<u>7,384</u>	<u>1,468</u>	<u>10,412</u>

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The Company

	Office equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Special equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
As at January 1, 2020	263	4,915	12,641	12,213	30,032
Additions	75	22	2,710	–	2,807
Disposals	–	(90)	–	–	(90)
	<u>338</u>	<u>4,847</u>	<u>15,351</u>	<u>12,213</u>	<u>32,749</u>
As at December 31, 2020	338	4,847	15,351	12,213	32,749
Additions	14	47	2,059	–	2,120
Disposals	–	(69)	–	–	(69)
	<u>352</u>	<u>4,825</u>	<u>17,410</u>	<u>12,213</u>	<u>34,800</u>
As at December 31, 2021	352	4,825	17,410	12,213	34,800
Additions	–	396	2,083	1,638	4,117
Disposals	–	(298)	(75)	–	(373)
	<u>352</u>	<u>4,923</u>	<u>19,418</u>	<u>13,851</u>	<u>38,544</u>
As at December 31, 2022	352	4,923	19,418	13,851	38,544
Additions	–	1,093	2,731	247	4,071
Disposals	–	–	(335)	–	(335)
	<u>352</u>	<u>6,016</u>	<u>21,814</u>	<u>14,098</u>	<u>42,280</u>
As at September 30, 2023	352	6,016	21,814	14,098	42,280
DEPRECIATION					
As at January 1, 2020	49	2,882	4,777	7,391	15,099
Provided for the year	50	1,283	2,634	2,285	6,252
Eliminated upon disposals	–	(81)	–	–	(81)
	<u>99</u>	<u>4,084</u>	<u>7,411</u>	<u>9,676</u>	<u>21,270</u>
As at December 31, 2020	99	4,084	7,411	9,676	21,270
Provided for the year	75	472	2,722	2,285	5,554
Eliminated upon disposals	–	(63)	–	–	(63)
	<u>174</u>	<u>4,493</u>	<u>10,133</u>	<u>11,961</u>	<u>26,761</u>
As at December 31, 2021	174	4,493	10,133	11,961	26,761
Provided for the year	72	157	2,683	539	3,451
Eliminated upon disposals	–	(281)	(62)	–	(343)
	<u>246</u>	<u>4,369</u>	<u>12,754</u>	<u>12,500</u>	<u>29,869</u>
As at December 31, 2022	246	4,369	12,754	12,500	29,869
Provided for the period	52	143	1,980	487	2,662
Eliminated upon disposals	–	–	(304)	–	(304)
	<u>298</u>	<u>4,512</u>	<u>14,430</u>	<u>12,987</u>	<u>32,227</u>
As at September 30, 2023	298	4,512	14,430	12,987	32,227
CARRYING VALUES					
As at December 31, 2020	<u>239</u>	<u>763</u>	<u>7,940</u>	<u>2,537</u>	<u>11,479</u>
As at December 31, 2021	<u>178</u>	<u>332</u>	<u>7,277</u>	<u>252</u>	<u>8,039</u>
As at December 31, 2022	<u>106</u>	<u>554</u>	<u>6,664</u>	<u>1,351</u>	<u>8,675</u>
As at September 30, 2023	<u>54</u>	<u>1,504</u>	<u>7,384</u>	<u>1,111</u>	<u>10,053</u>

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Property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values with the following useful lives:

Office equipment	5 years
Electronic equipment	3 to 5 years
Special equipment	5 years
Leasehold improvement	Shorter of lease terms or 3 years

21. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023 RMB'000
Carrying amount at the beginning of the year/period	19,412	10,667	36,408	24,609
Additions	1,398	26,401	664	3,967
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(275)
Depreciation charge (<i>Note 11</i>)	(10,143)	(10,139)	(12,463)	(9,807)
	<u>10,667</u>	<u>36,408</u>	<u>24,609</u>	<u>18,494</u>

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	<u>1,505</u>	<u>1,856</u>	<u>2,803</u>	<u>1,710</u>	<u>2,578</u>
Total cash outflow for leases	<u>12,522</u>	<u>9,023</u>	<u>14,817</u>	<u>13,414</u>	<u>16,306</u>

The Group leases various offices which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

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ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amounts of the Group’s lease liabilities and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
	RMB’000	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of the year/period	15,763	6,882	35,676	25,796
New leases	1,398	26,239	567	3,967
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(279)
Accretion of interest recognized (Note 13)	738	243	1,567	806
Payments	(11,017)	(7,167)	(12,014)	(13,728)
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>16,562</u>
Carrying amount at the end of the year/period				
	As at December 31,			As at September 30, 2023
	2020	2021	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000
Lease liabilities payable				
– within one year	6,578	10,312	18,442	14,425
– between 1 and 2 years	304	18,108	7,230	1,727
– between 2 and 5 years	–	7,256	124	410
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>16,562</u>
Total				
Analyzed as:				
Non-current	304	25,364	7,354	2,137
Current	6,578	10,312	18,442	14,425
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>16,562</u>
Total				

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
	%	%	%	%
Incremental borrowing rate	5.66	5.66	5.66	5.66

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The Company

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	19,412	10,667	36,408	24,609
Additions	1,398	26,401	664	1,388
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(275)
Depreciation charge	(10,143)	(10,139)	(12,463)	(9,449)
Carrying amount at the end of the year/period	<u>10,667</u>	<u>36,408</u>	<u>24,609</u>	<u>16,273</u>

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	<u>559</u>	<u>798</u>	<u>1,642</u>	<u>1,232</u>	<u>1,456</u>
Total cash outflow for leases	<u>11,576</u>	<u>7,965</u>	<u>13,656</u>	<u>12,813</u>	<u>14,720</u>

The Company leases various offices which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

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(b) Lease liabilities

The carrying amounts of the Company’s lease liabilities and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	15,763	6,882	35,676	25,796
New leases	1,398	26,239	567	1,388
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(279)
Accretion of interest recognized	738	243	1,567	750
Payments	(11,017)	(7,167)	(12,014)	(13,264)
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>14,391</u>
Carrying amount at the end of the year/period				
	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable				
– within one year	6,578	10,312	18,442	13,578
– between 1 and 2 years	304	18,108	7,230	813
– between 2 and 5 years	–	7,256	124	–
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>14,391</u>
Total				
Analyzed as:				
Non-current	304	25,364	7,354	813
Current	6,578	10,312	18,442	13,578
	<u>6,882</u>	<u>35,676</u>	<u>25,796</u>	<u>14,391</u>
Total				

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	For the year ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
	%	%	%	%
Incremental borrowing rate	5.66	5.66	5.66	5.66

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22. INTANGIBLE ASSETS

The Group

	Software <i>RMB’000</i>	Patents <i>RMB’000</i>	Total <i>RMB’000</i>
COST			
As at January 1, 2020	1,308	–	1,308
Additions	218	220	438
	<u>1,526</u>	<u>220</u>	<u>1,746</u>
As at December 31, 2020	1,526	220	1,746
Additions	177	7,547	7,724
Acquired on acquisition of a subsidiary	7	–	7
Disposals	(179)	–	(179)
	<u>1,531</u>	<u>7,767</u>	<u>9,298</u>
As at December 31, 2021	1,531	7,767	9,298
Additions	336	–	336
	<u>1,867</u>	<u>7,767</u>	<u>9,634</u>
As at December 31, 2022	1,867	7,767	9,634
Additions	1,011	–	1,011
	<u>2,878</u>	<u>7,767</u>	<u>10,645</u>
As at September 30, 2023	2,878	7,767	10,645
AMORTIZATION			
As at January 1, 2020	605	–	605
Charge for the year	269	7	276
	<u>874</u>	<u>7</u>	<u>881</u>
As at December 31, 2020	874	7	881
Charge for the year	238	714	952
Eliminated upon disposals	(179)	–	(179)
	<u>933</u>	<u>721</u>	<u>1,654</u>
As at December 31, 2021	933	721	1,654
Charge for the year	197	822	1,019
	<u>1,130</u>	<u>1,543</u>	<u>2,673</u>
As at December 31, 2022	1,130	1,543	2,673
Charge for the period	425	616	1,041
	<u>1,555</u>	<u>2,159</u>	<u>3,714</u>
As at September 30, 2023	1,555	2,159	3,714
CARRYING VALUES			
As at December 31, 2020	<u>652</u>	<u>213</u>	<u>865</u>
As at December 31, 2021	<u>598</u>	<u>7,046</u>	<u>7,644</u>
As at December 31, 2022	<u>737</u>	<u>6,224</u>	<u>6,961</u>
As at September 30, 2023	<u>1,323</u>	<u>5,608</u>	<u>6,931</u>

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The Company

	Software <i>RMB’000</i>	Patents <i>RMB’000</i>	Total <i>RMB’000</i>
COST			
As at January 1, 2020	1,308	–	1,308
Additions	218	220	438
As at December 31, 2020	1,526	220	1,746
Additions	177	7,547	7,724
Disposals	(179)	–	(179)
As at December 31, 2021	1,524	7,767	9,291
Additions	336	–	336
As at December 31, 2022	1,860	7,767	9,627
Additions	1,011	–	1,011
As at September 30, 2023	2,871	7,767	10,638
AMORTIZATION			
As at January 1, 2020	605	–	605
Charge for the year	269	7	276
As at December 31, 2020	874	7	881
Charge for the year	237	714	951
Eliminated upon disposals	(179)	–	(179)
As at December 31, 2021	932	721	1,653
Charge for the year	195	822	1,017
As at December 31, 2022	1,127	1,543	2,670
Charge for the period	424	616	1,040
As at September 30, 2023	1,551	2,159	3,710
CARRYING VALUES			
As at December 31, 2020	652	213	865
As at December 31, 2021	592	7,046	7,638
As at December 31, 2022	733	6,224	6,957
As at September 30, 2023	1,320	5,608	6,928

The intangible assets above have finite useful lives which are amortized on a straight-line basis over the following periods:

Software	5 years
Patents	5 to 10 years

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23. INVESTMENTS IN ASSOCIATES

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Cost of investments in associates	73,520	65,901	77,823	80,877
Share of post-acquisition profit or loss	6,507	9,270	9,204	6,602
	<u>80,027</u>	<u>75,171</u>	<u>87,027</u>	<u>87,479</u>

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the associates of the Group, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership				
			as at December 31, 2020	2021	2022	as at September 30, 2023	At the date of this report
Boya Zhongke (Beijing) Information Technology Co., Ltd. (博雅中(北京)信息技術有限公司) (“Boya Zhongke”) (Note a)	PRC, November 2, 2016/Limited liability company	Sales of finance management software in the PRC	46%	40%	40%	40%	40%
Beijing Baiwang Cube Technology Co., Ltd. (北京百望立方科技有限(公司) (“Baiwang Cube”) (Note b)	PRC, August 26, 2020/ Limited liability company	Software development in the PRC	–	10%	10%	10%	10%
Third Block (Beijing) Digital Economy Industrial Park Co., Ltd. (第三街區(北京)數字經濟產業園有限公司)	PRC, April 25, 2021/ Limited liability company	Software development in the PRC	–	20%	20%	20%	20%
Guizhou Baiwangyun Technology Co., Ltd. (貴州百望雲科技有限(公司)	PRC, July 5, 2021/ Limited liability company	Software development and maintenance service in the PRC	–	40%	40%	40%	40%
Ningbo Lanyuan Baiwang Cloud Digital Technology Co., Ltd. (寧波藍源百望雲數字科技有限(公司)	PRC, August 17, 2021/ Limited liability company	Supply chain platform in the PRC	–	40%	40%	40%	40%
China Funded Yirong (Beijing) Technology Co., Ltd. (中資易融(北京)科技有限(公司) (“China Funded Yirong”) (Note c)	PRC, November 24, 2021/Limited liability company	Software development in the PRC	–	15%	15%	15%	15%
Guangxi United Credit Reporting Co., Ltd. (廣西聯合征信有限(公司) (“Guangxi United”) (Note d)	PRC, December 3, 2018/Limited liability company	Big data service in the PRC	–	–	15%	15%	15%
Yunnan Baiwangyun Digital Technology Co., Ltd. (雲南百望雲數字科技有限(公司)	PRC, August 8, 2022/ Limited liability company	Big data service platform in the PRC	–	–	40%	40%	40%

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Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership				
			as at December 31,			as at	At the
			2020	2021	2022	September 30, 2023	date of this report
Beijing Baiwang Intelligent Finance and Taxation Technology Co., Ltd. (北京百望智慧财税科技有限公司) (“Baiwang Intelligent”) (Note e)	PRC, August 31, 2022/ Limited liability company	Development, operation and maintenance of tax information system in the PRC	-	-	25%	25%	25%
Beijing Baiwang Cloud network Technology Co., Ltd. (北京百望雲網絡科技有限公司)	PRC, August 11, 2023/ Limited liability company	Software development and maintenance service in the PRC	-	-	-	35%	35%

Note a: In December 2019, the Group entered into a share transfer agreement with two third parties, pursuant to which the Group acquired further 31% equity interest of Boya Zhongke for a consideration of RMB63,520,000 (the “2020 Acquisition”). Following the completion of equity transfer registration and together with the 15% equity interest previously held, the Group owned 46% equity interest of Boya Zhongke as at December 31, 2020.

In July 2021, the share ownership of 6% equity in the 2020 Acquisition of which capital has yet been paid by the Group was transferred to another investor at nil consideration and a gain of RMB1,613,000 was recognized by the Group in 2021.

Note b: The Group is able to exercise significant influence over Baiwang Cube because it has the right to appoint the executive director of Baiwang Cube under the articles of association of Baiwang Cube.

Note c: The Group is able to exercise significant influence over China Funded Yirong because it has the power to appoint one out of the five directors of China Funded Yirong under the articles of association of China Funded Yirong.

Note d: The Group is able to exercise significant influence over Guangxi United because it has the power to appoint one out of the five directors of Guangxi United under the articles of association of Guangxi United.

Note e: In September 2021 and March 2022, the Group paid investment deposits of RMB5,200,000 and RMB5,000,000, respectively to Baiwang Intelligent for investments in Baiwang Intelligent. The investment arrangement was subsequently superseded; the deposits at RMB10,200,000 was netted against the Group’s payable to Baiwang Intelligent and settled in August 2022.

A share transfer agreement (the “Agreement”) was entered into by the Group with third-party individuals (the “Transferors”) in August 2022; pursuant to which the Group acquired 25% equity interest of Baiwang Intelligent for a consideration of RMB12,695,000, and has the ability to exercise significant influence over Baiwang Intelligent.

The Group also has the right to require additional shares of Baiwang Intelligent from one of the Transferors based on the formula agreed in the Agreement for a consideration of RMB1 if Baiwang Intelligent does not meet the specified sum of profit targets covering a three-year period from 2022 to 2024. The Group accounts for the arrangement/right to receive additional shares at nominal consideration as a financial asset at FVTPL, as in Note 25.

Included in the investments in associates is goodwill of approximately RMB60,090,000, RMB52,595,000, RMB62,544,000, and RMB62,544,000, arising on acquisitions of associates as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively.

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Summarized financial information of material associate

Summarized financial information in respect of each of the Group’s material associate is set out below. The summarized financial information below represents amounts shown in the associate’s financial statements prepared in accordance with IFRSs.

All of these associates are accounted for using the equity method in these Historical Financial Information.

Boya Zhongke

	As at December 31,			As at September 30,	
	2020	2021	2022	2023	
	RMB’000	RMB’000	RMB’000	RMB’000	
Current assets	66,812	67,642	68,320	63,364	
Non-current assets	6,413	4,124	2,087	2,483	
Current liabilities	27,344	17,705	17,360	11,694	
Non-current liabilities	2,540	947	335	629	
	For the year ended December 31,			For the nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	<i>(Unaudited)</i>				
Revenue	37,855	55,347	34,660	19,427	18,942
Profit (loss) and total comprehensive income (expense) for the year/period	10,234	9,773	(402)	(5,289)	(5,642)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the Historical Financial Information:

	As at December 31,			As at September 30,	
	2020	2021	2022	2023	
	RMB’000	RMB’000	RMB’000	RMB’000	
Net assets attributable to owners of					
Boya Zhongke	43,341	53,114	52,712	53,524	
Proportion of the Group’s ownership in					
Boya Zhongke	46%	40%	40%	40%	
The Group’s share of net assets of					
Boya Zhongke	19,937	21,246	21,085	21,410	
Goodwill	60,090	52,595	52,595	52,595	
Other adjustment	–	250	410	167	
Carrying amount of the Group’s interest in Boya Zhongke	80,027	74,091	74,090	74,172	

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Aggregate information of associates that are not individually material

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
The Group’s share of loss and total comprehensive expense from associates	–	(470)	(65)	(330)
Aggregate carrying amount of the Group’s interests in these associates	–	1,080	12,937	13,307

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Cost of investments in associates	73,520	64,351	64,351	66,705
Share of post-acquisition profit or loss	6,381	9,793	9,818	7,587
	79,901	74,144	74,169	74,292

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the associates of the Company, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership				
			as at December 31,			as at	At the
			2020	2021	2022	September 30, 2023	date of this report
Boya Zhongke (Note a)	PRC, November 2, 2016/Limited liability company	Sales of finance management software in the PRC	46%	40%	40%	40%	40%
Baiwang Cube (Note b)	PRC, August 26, 2020/ Limited liability company	Software development in the PRC	–	10%	10%	10%	10%

Note a: In December 2019, the Company entered into a share transfer agreement with two third parties, pursuant to which the Group acquired further 31% equity interest of Boya Zhongke for a consideration of RMB63,520,000 (the “2020 Acquisition”). Following the completion of equity transfer registration and together with the 15% equity interest previously held, the Group owned 46% equity interest of Boya Zhongke as at December 31, 2020.

In July 2021, the share ownership of 6% equity in the 2020 Acquisition of which capital has yet been paid by the Company was transferred to another investor together with the consideration payable of RMB11,474,000 and a gain of RMB1,613,000 was recognized by the Group in 2021.

Note b: The Group is able to exercise significant influence over Baiwang Cube because it has the right to appoint the executive director of Baiwang Cube under the articles of association of Baiwang Cube.

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24. INVESTMENTS IN JOINT VENTURES

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023 RMB’000
Cost of investments in joint ventures	4,000	4,000	4,000	8,951
Share of post-acquisition profit or loss	4,333	5,739	6,845	4,923
	<u>8,333</u>	<u>9,739</u>	<u>10,845</u>	<u>13,874</u>

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the joint ventures of the Group, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership				
			as at December 31,			as at	At the date
			2020	2021	2022	September 30, 2023	of this report
Baiwang Jinshui Technology Co., Ltd. (百望金稅科技有限公司) (“Baiwang Jinshui”)	PRC, May 6, 2016/ Limited liability company	Sales of tax management software in the PRC	40%	40%	40%	40%	0%
Guizhou Yunshui Digital Technology Co., Ltd. (貴州雲稅數字科技有限公司)	PRC, August 13, 2021/ Limited liability company	Big data service platform in the PRC	–	33%	33%	33%	33%
Baiwang Cloud (Chongqing) Information Technology Service Co., Ltd. (百望雲(重慶)信息技術服務有限公司)	PRC, March 30, 2023/Limited liability company	Software development in the PRC	–	–	–	40%	40%
Shanghai Baiwang Shuzhi Technology Co., Ltd. (上海百望數治信息科技有限公司)	PRC, June 16, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Henan Baiwang Cloud digital technology Co., Ltd. (河南百望雲數字科技有限公司)	PRC, January 5, 2023/Limited liability company	Software development in the PRC	–	–	–	40%	40%
Heilongjiang Baiwang Cloud Technology Co., Ltd. (黑龍江百望雲科技有限公司)	PRC, June 9, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Guangdong Baiwang Information Technology Co., Ltd. (廣東百望信息技術有限公司)	PRC, January 6, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Fujian Baiwang Cloud Technology Co., Ltd. (福建百望雲科技有限公司)	PRC, May 8, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%

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Aggregate information of joint ventures that are not individually material

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
The Group’s share of profit (loss) and total comprehensive income (expense) from the joint ventures	2,096	1,406	1,106	(1,922)
Aggregate carrying amount of the Group’s interests in the joint ventures	8,333	9,739	10,845	13,874

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Cost of investment in joint venture	4,000	4,000	4,000	4,000
Share of post-acquisition profit or loss	4,333	5,739	6,845	6,676
	8,333	9,739	10,845	10,676

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the joint ventures of the Company, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership				
			as at December 31,			as at	At the
			2020	2021	2022	September 30, 2023	date of this report
Baiwang Jinshui	PRC, May 6, 2016/ Limited liability company	Sales of tax management software in the PRC	40%	40%	40%	40%	0%

25. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Current:				
Wealth management products issued by banks (Note a)	200,666	218,856	400,900	351,770
Non-current:				
Investments in associates with preferential rights (Notes b and c)	–	19,440	36,496	27,965
Arrangement/right to receive additional shares at nominal consideration (Notes c and d)	–	–	2,991	4,683
Total	200,666	238,296	440,387	384,418

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The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
				RMB’000
Current:				
Wealth management products issued by banks (Note a)	200,666	218,856	400,900	351,770
Non-current:				
Investments in associates with preferential rights (Note b)	–	19,440	19,443	18,234
Total	<u>200,666</u>	<u>238,296</u>	<u>420,343</u>	<u>370,004</u>

Note a: The Group’s wealth management products are mainly the financial products issued by banks, which are short-term investments with expected rates of return ranging from 0% to 20%, depending on the market price of underlying financial instruments, including structured deposits. The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group’s risk management and investment strategy. Details of fair value measurements are set out in Note 40.

Note b: The carrying amount of investments in associates with preferential rights represents the Group’s investment in Beijing Daokou Jinke Technology Co., Ltd. (北京道口金科科技有限公司, “Daokou Jinke”) and investment in Shanghai Xinghan Information Technology Co., Ltd. (上海星漢信息技術有限公司, “Shanghai Xinghan”).

On January 31, 2021, the Group acquired 26.34% redeemable shares with preferential rights in Daokou Jinke at a consideration of RMB34,015,000, and can exercise significant influence over Daokou Jinke. Upon occurrence of certain future events, the redeemable shares with preferential rights shall be redeemed at request of the Company by Daokou Jinke and/or its controlling owner at the higher of the Company’s total investment plus annual interest of 8% accrued over the Group’s shareholding period as well as declared dividends payable to the Company, and independent valuation. The Group accounts for the investment as a financial asset at FVTPL, with carrying amount of RMB19,440,000 and RMB19,443,000 and RMB18,234,000 as at December 31, 2021 and 2022 and September 30, 2023, respectively.

Note c: In March 2022, the Group entered into an investment agreement with the existing shareholders of Shanghai Xinghan, pursuant to which the Group acquired 19.3548% redeemable shares with preferential rights of Shanghai Xinghan through a capital injection of RMB18,000,000 in Shanghai Xinghan, and can exercise significant influence over Shanghai Xinghan. Upon occurrence of certain future events, the redeemable shares with preferential rights shall be redeemed at the request of the Group by Shanghai Xinghan and/or a third party designated by Shanghai Xinghan, at a consideration of the Group’s injected capital plus annual compound interest of 8% accrued over the Group’s shareholding period minus the dividend received by the Group. The Group accounts for the investment as a financial asset at FVTPL, with carrying amount of RMB17,053,000 and RMB9,731,000 as at December 31, 2022 and September 30, 2023, respectively. In part of the investment agreement, the Group also has the right to receive additional shares, from one of Shanghai Xinghan’s founding shareholders at nil consideration, based on the formula agreed in the investment agreement if Shanghai Xinghan does not meet the specified sum of revenue targets covering a three-year period from 2022 to 2024. The Group accounts for the said right as a financial asset at FVTPL, with carrying amount of nil and RMB2,885,000 as at December 31, 2022 and September 30, 2023, respectively. RMB13,950,000 of the capital injection into Shanghai Xinghan was paid when the investment agreement was signed. The remaining consideration of RMB4,050,000 is payable if several specific conditions are met, which include performance targets of revenue and net profit of 2024, and the Group accounts for such contingent consideration payable as a financial liability at FVTPL, as set out in Note 33.

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Note d: The carrying amount of arrangement/right to receive additional shares at nominal consideration represents the Group’s right to receive additional shares in Baiwang Intelligent from one of Baiwang Intelligent’s owners. In connection with the investment agreement, the Group also has the right to require one of the controlling owners of Baiwang Intelligent to transfer additional shares of Baiwang Intelligent based on the formula agreed in the investment agreement if Baiwang Intelligent does not meet the specified sum of profit targets covering a three-year period from 2022 to 2024. The Group accounts for the said right as a financial asset at FVTPL, with carrying amount of RMB2,991,000 and RMB1,798,000 as at December 31, 2022 and September 30, 2023, respectively, as detailed in Note 23.

26. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset when applicable. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at
	2020	2021	2022	September 30,
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2023
				<i>RMB’000</i>
Deferred tax liabilities	–	–	(148)	–

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023:

	ECL	Fair value	Tax	Right-of-	Lease	Accelerated tax	Total
	provisions	adjustments	losses	use assets	liabilities	depreciation	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	and	<i>RMB’000</i>
						amortization	<i>RMB’000</i>
As at January 1, 2020	54	(66)	323	(2,912)	2,364	237	–
(Charge) credit to profit or loss	–	(34)	(323)	1,312	(955)	–	–
As at December 31, 2020	54	(100)	–	(1,600)	1,409	237	–
Credit (charge) to profit or loss	–	100	–	(3,861)	3,761	–	–
As at December 31, 2021	54	–	–	(5,461)	5,170	237	–
(Charge) credit to profit or loss	(54)	(148)	–	1,820	(1,532)	(234)	(148)
As at December 31, 2022	–	(148)	–	(3,641)	3,638	3	(148)
Credit (charge) to profit or loss	12	430	–	645	(936)	(3)	148
As at September 30, 2023	12	282	–	(2,996)	2,702	–	–

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The Company

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023:

	ECL provisions	Fair value adjustments	Tax losses	Right-of-use assets	Lease liabilities	Accelerated tax depreciation and amortization	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at January 1, 2020	54	(66)	323	(2,912)	2,364	237	–
(Charge) credit to profit or loss	–	(34)	(323)	1,312	(955)	–	–
As at December 31, 2020	54	(100)	–	(1,600)	1,409	237	–
Credit (charge) to profit or loss	–	100	–	(3,861)	3,761	–	–
As at December 31, 2021	54	–	–	(5,461)	5,170	237	–
(Charge) credit to profit or loss	(54)	–	–	1,820	(1,532)	(234)	–
As at December 31, 2022	–	–	–	(3,641)	3,638	3	–
Credit (charge) to profit or loss	–	282	–	1,200	(1,479)	(3)	–
As at September 30, 2023	–	282	–	(2,441)	2,159	–	–

The Group

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Group had estimated unused tax losses of approximately RMB463,179,000, RMB526,565,000, RMB597,296,000 and RMB787,171,000, respectively, which are available for offset against future profits. No deferred tax asset has been recognized in respect of such tax loss due to the unpredictability of future profit streams as at December 31, 2020, 2021 and 2022 and September 30, 2023.

The unrecognized income tax losses which have fixed expiry date, will be expired in the following years:

	For the year ended December 31,			For the nine months ended September 30,
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2021	15,918	–	–	–
2022	32,084	29,482	–	–
2023	46,475	46,475	45,451	45,451
2024	15,172	15,172	15,172	15,172
2025	22,826	22,826	956	956
2026	–	18,684	13,746	13,746
2027	–	–	23,816	23,071
2028	116,664	116,664	116,664	151,215
2029	189,932	189,932	189,932	189,932
2030	24,108	24,108	24,108	24,108
2031	–	63,222	63,222	63,222
2032	–	–	104,229	104,229
2033	–	–	–	156,069
Total	463,179	526,565	597,296	787,171

Note: In accordance with the “Notice on Extending the Period of Loss Carryover for High tech Enterprises and Technological Small and Medium sized Enterprises” (Cai Shui [2018] No. 76), as a High and New Technical Enterprise, the Company has a deductible tax loss expiration period of 10 years.

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As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Group had deductible temporary differences of approximately RMB43,954,000, RMB58,636,000, RMB84,323,000 and RMB67,793,000, respectively, and among these amounts, approximately RMB32,621,000, RMB22,229,000, RMB60,049,000 and RMB47,529,000, respectively, deductible temporary differences have not been recognized as deferred tax assets as it is not probable that such deductible temporary differences would be utilized in the foreseeable future.

The Company

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Company had estimated unused tax losses of approximately RMB330,704,000, RMB393,926,000, RMB498,155,000 and RMB654,224,000, respectively, which are available for offset against future profits. No deferred tax asset has been recognized in respect of such tax loss due to the unpredictability of future profit streams as at December 31, 2020, 2021 and 2022 and September 30, 2023.

The unrecognized income tax losses which have fixed expiry date, will be expired in the following years:

	For the year ended December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
2028	116,664	116,664	116,664	116,664
2029	189,932	189,932	189,932	189,932
2030	24,108	24,108	24,108	24,108
2031	–	63,222	63,222	63,222
2032	–	–	104,229	104,229
2033	–	–	–	156,069
Total	<u>330,704</u>	<u>393,926</u>	<u>498,155</u>	<u>654,224</u>

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Company had deductible temporary differences of approximately RMB42,303,000, RMB56,902,000, RMB80,210,000 and RMB61,598,000, respectively, and among these amounts, approximately RMB30,970,000, RMB20,496,000, RMB55,937,000 and RMB43,555,000, respectively, deductible temporary differences have not been recognized as deferred tax assets as it is not probable that such deductible temporary differences would be utilized in the foreseeable future.

27. INVENTORIES

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Goods in transit	7,713	5,262	7,141	3,273
Goods available for sale	<u>5,686</u>	<u>3,710</u>	<u>3,851</u>	<u>2,993</u>
Total	<u>13,399</u>	<u>8,972</u>	<u>10,992</u>	<u>6,266</u>

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Goods in transit	7,713	5,262	7,141	3,273
Goods available for sale	<u>5,812</u>	<u>3,738</u>	<u>3,851</u>	<u>2,993</u>
Total	<u>13,525</u>	<u>9,000</u>	<u>10,992</u>	<u>6,266</u>

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28. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade receivables – contracts with customers	23,193	31,476	34,988	33,999
Less: allowance for credit losses	(1,526)	(3,051)	(4,140)	(4,040)
	<u>21,667</u>	<u>28,425</u>	<u>30,848</u>	<u>29,959</u>
Notes receivables	494	301	589	357
Prepayments				
– to suppliers	3,725	3,208	2,791	2,325
– to others	1,939	1,280	4,560	9,605
Value-added tax recoverable	16,545	21,880	17,840	17,996
Deposits refundable within one year	3,900	4,566	4,766	5,378
Other receivables				
– bid security	1,725	1,826	2,305	2,505
– advances to suppliers	–	15,090	19,909	9,627
– others	7,851	1,998	1,755	3,806
Less: allowance for credit losses	(53)	(242)	(175)	(184)
	<u>36,126</u>	<u>49,907</u>	<u>54,340</u>	<u>51,415</u>
Total	<u>57,793</u>	<u>78,332</u>	<u>85,188</u>	<u>81,374</u>

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade receivables – contracts with customers	23,112	29,564	34,117	31,768
Less: allowance for credit losses	(1,525)	(3,026)	(4,134)	(4,024)
	<u>21,587</u>	<u>26,538</u>	<u>29,983</u>	<u>27,744</u>
Notes receivables	494	301	589	357
Prepayments				
– to suppliers	3,725	3,206	2,720	2,183
– to others	1,457	1,069	4,135	9,312
Value-added tax recoverable	5,913	8,983	16,829	15,733
Deposits refundable within one year	3,824	4,342	4,479	4,528
Other receivables				
– bid security	1,725	1,796	2,291	2,491
– others	7,561	1,730	136	979
Less: allowance for credit losses	(53)	(242)	(126)	(134)
	<u>24,646</u>	<u>21,185</u>	<u>31,053</u>	<u>35,449</u>
Total	<u>46,233</u>	<u>47,723</u>	<u>61,036</u>	<u>63,193</u>

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The Group

The following is an aging analysis of the Group’s trade receivables presented based on the date of revenue recognition:

	As at December 31,			As at
	2020	2021	2022	September 30,
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2023 <i>RMB’000</i>
Within 30 days	5,314	8,206	8,103	5,800
31 to 180 days	8,979	12,537	12,488	13,480
181 to 365 days	4,658	5,645	6,977	6,246
Over 1 year	4,242	5,088	7,420	8,473
	<u>23,193</u>	<u>31,476</u>	<u>34,988</u>	<u>33,999</u>

Out of the past due balances of RMB17,911,000, RMB18,067,000, RMB26,885,000 and RMB25,174,000 as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, RMB14,568,000, RMB13,720,000, RMB20,118,000 and RMB21,519,000, respectively, has been past due 90 days or more and is not considered as in default by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral over these balances or charge any interest thereon.

The Company

The following is an aging analysis of the Company’s trade receivables presented based on the date of revenue recognition:

	As at December 31,			As at
	2020	2021	2022	September 30,
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2023 <i>RMB’000</i>
Within 30 days	5,306	7,267	7,335	4,837
31 to 180 days	8,906	11,564	12,388	12,243
181 to 365 days	4,658	5,645	6,974	6,236
Over 1 year	4,242	5,088	7,420	8,452
	<u>23,112</u>	<u>29,564</u>	<u>34,117</u>	<u>31,768</u>

Out of the past due balances of RMB17,838,000, RMB17,235,000, RMB26,782,000 and RMB22,888,000 as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, RMB14,568,000, RMB13,720,000, RMB20,087,000 and RMB19,560,000, respectively, has been past due 90 days or more and is not considered as in default by considering the background of the debtors and historical payment arrangement. The Company does not hold any collateral over these balances or charge any interest thereon.

The Group will not grant credit period over 180 days from invoice date which are agreed with each of its customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current credit worthiness and the customers’ financial condition and payment history with the Group.

Details of impairment assessment of trade and other receivables are set out in Note 40.

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29. CONTRACT COSTS

The Group and the Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
Costs to fulfill contracts				RMB'000
Current	28,086	18,245	42,026	49,354
Non-current	21,968	36,471	38,088	39,822
	<u>50,054</u>	<u>54,716</u>	<u>80,114</u>	<u>89,176</u>
				For the
				nine months
				ended
				September 30,
				2023
				RMB'000
Costs to fulfill contracts transferred to cost of sales and services	14,501	27,827	17,910	28,199

The Group recognized an asset in relation to costs to fulfill contracts, which are mostly employee benefit expenses. Contract costs are recognized as part of cost of sales and services in the consolidated statements of profit or loss and other comprehensive income, in the period in which revenue is recognized. The Directors expect the contract costs to be completely recovered. There was no impairment in relation to the balance of contract costs during the Track Record Period.

30. BANK DEPOSITS/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
Long-term bank deposits	52,506	103,027	106,427	–
Restricted bank deposits	847	515	103	2,063
Short-term bank deposits with maturity over three months	30,198	104,785	80,472	108,970
Cash and cash equivalents	273,102	505,006	237,206	211,360
	<u>356,653</u>	<u>713,333</u>	<u>424,208</u>	<u>322,393</u>

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The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Long-term bank deposits	52,506	103,027	106,427	–
Restricted bank deposits	847	515	103	2,063
Short-term bank deposits with maturity over three months	30,198	84,535	80,472	108,970
Cash and cash equivalents	238,661	377,807	158,369	149,133
	<u>322,212</u>	<u>565,884</u>	<u>345,371</u>	<u>260,166</u>
Total	<u>322,212</u>	<u>565,884</u>	<u>345,371</u>	<u>260,166</u>

Bank deposits (long-term and short-term bank deposits)

The Group’s bank deposits have original maturities over three months and redeemable on maturity. However, the deposit could be transferred to other parties unconditionally via the bank upon demand before maturity with loss of interest according to the deposit contract. The term deposits carry interest rate ranging from 2.90% to 4.00%, 2.90% to 4.00%, 2.90% to 4.00% and 3.40% to 3.70% per annum for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023, respectively.

Restricted bank deposits

Restricted bank deposits refer to the bank balance deposited into the restricted bank accounts for letters of guarantees issued by the banks and the bank balance frozen due to pending litigation. The letters of guarantees are provided to certain of the Group’s customers as performance bonds until the completion or agreed progress of the Group’s revenue contracts with the customers. As at December 31, 2020, 2021 and 2022 and September 30, 2023, the annual interest rates for such balances were 0.30%, 0.30%, 0.25% and 0.20% to 1.55% per annum, respectively.

Cash and cash equivalents

Bank balances and cash of the Group and the Company comprise bank balances and cash on hand. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at December 31, 2020, 2021 and 2022 and September 30, 2023, the bank deposits carry interest rate ranging from 0.30% to 0.38%, 0.30% to 0.38%, 0.25% to 0.42% and 0.20% to 0.45% per annum, respectively.

31. TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables	27,704	35,147	30,869	33,320
Other payables:				
Accrued staff costs	39,724	53,448	53,276	59,437
Other tax payables	18,062	25,724	15,278	16,447
Payable for acquisition of an associate	31,760	–	–	–
Advance received from Shares with Preferential Rights investors (<i>Note</i>)	25,200	–	–	–
Others	20,124	26,146	37,496	35,082
	<u>134,870</u>	<u>105,318</u>	<u>106,050</u>	<u>110,966</u>
Subtotal	<u>134,870</u>	<u>105,318</u>	<u>106,050</u>	<u>110,966</u>
Total	<u>162,574</u>	<u>140,465</u>	<u>136,919</u>	<u>144,286</u>

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Note: The carrying amount represents the advance received in December 2020 from Series C Shares with Preferential Rights investors. The investment agreements were signed in 2021 and the shares transfer registration were completed in January 2021.

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables	22,882	25,085	20,647	22,491
Other payables:				
Accrued staff costs	31,320	41,798	45,817	50,707
Other tax payables	6,231	9,456	10,053	12,373
Payable for acquisition of an associate	31,760	–	–	–
Advance received from Shares with Preferential Rights investors	25,200	–	–	–
Others	19,833	17,845	24,902	26,322
Subtotal	114,344	69,099	80,772	89,402
Total	137,226	94,184	101,419	111,893

The credit period on trade payables is 30-90 days. The following is an aging analysis of the Group’s and the Company’s trade payables presented based on the date of purchase recognized at the end of each year:

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Within 3 months	19,255	27,506	26,082	24,270
3 to 6 months	973	3,675	2,111	2,160
6 to 12 months	7,363	350	1,957	4,702
1 to 2 years	111	3,593	340	1,786
Over 2 years	2	23	379	402
Total	27,704	35,147	30,869	33,320

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Within 3 months	14,433	17,499	16,261	14,359
3 to 6 months	973	3,623	1,892	1,706
6 to 12 months	7,363	349	1,802	4,238
1 to 2 years	111	3,591	313	1,786
Over 2 years	2	23	379	402
Total	22,882	25,085	20,647	22,491

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32. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Contract assets	65,618	70,419	78,591	85,155
Less: Allowance for credit losses	(307)	(344)	(539)	(784)
	<u>65,311</u>	<u>70,075</u>	<u>78,052</u>	<u>84,371</u>
Analyzed as:				
Current	64,619	68,836	77,891	84,126
Non-current	692	1,239	161	245
	<u>65,311</u>	<u>70,075</u>	<u>78,052</u>	<u>84,371</u>
Total	<u>65,311</u>	<u>70,075</u>	<u>78,052</u>	<u>84,371</u>

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Contract liabilities	<u>104,817</u>	<u>130,631</u>	<u>165,476</u>	<u>161,333</u>

The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Contract assets	63,518	58,298	61,668	73,087
Less: Allowance for credit losses	(305)	(284)	(435)	(690)
	<u>63,213</u>	<u>58,014</u>	<u>61,233</u>	<u>72,397</u>
Analyzed as:				
Current	62,521	56,775	61,072	72,152
Non-current	692	1,239	161	245
	<u>63,213</u>	<u>58,014</u>	<u>61,233</u>	<u>72,397</u>
Total	<u>63,213</u>	<u>58,014</u>	<u>61,233</u>	<u>72,397</u>

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Contract liabilities	<u>102,200</u>	<u>122,571</u>	<u>156,899</u>	<u>154,890</u>

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Significant changes in contract assets and contract liabilities

Contract assets are the Group’s right to consideration in exchange for goods and services that the Group has transferred to customers. Such assets increased as a result of the growth of the Group’s cloud-based financial & tax digitalization solutions and data-driven intelligence solutions.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. During the Track Reporting Period, the main trend of changes of contract liabilities is increasing. Contract liabilities increased mainly due to the business growth of the Group’s cloud-based financial & tax digitalization solutions and data-driven intelligence solutions.

Revenue recognized in relation to contract liabilities

The following table shows the Group’s revenue recognized during the Track Record Period related to brought forward contract liabilities:

	Year ended December 31,			Nine months ended
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	65,795	72,417	80,297	91,646

33. FINANCIAL LIABILITIES AT FVTPL

Shares with Preferential Rights

Since the date of incorporation, the Company has completed several rounds of financing by issuing Shares with Preferential Rights.

	Date of issuance	Total number of unit capital	Consideration per unit capital RMB	Total Consideration RMB’000
Series Angel	August 2016	4,687,500	16.0000	75,000
Series A	September 2018	28,724,721	11.0584	317,650
Series A-CB	September 2019	9,042,969	11.0583	100,000
Series B	October 2019/ January 2020	18,245,519	19.1828	350,000
Series C	January 2021	13,039,088	29.3970	383,310
Series C+	November 2021	2,904,957	29.3970	85,397
Total		<u>76,644,754</u>		<u>1,311,357</u>

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The key terms of the Shares with Preferential Rights are:

(a) Redemption rights

The shareholders of Shares with Preferential Rights (the “Investors”) have the right to require the Company, Ningbo Xiuan, Tianjin Duoying and Ms. Chen Jie (together, the “Founding Shareholder”) jointly or separately to purchase the shares held by these shareholders, if (i) the Company has not completed a qualified [REDACTED] on or prior to December 31, 2023 (December 31, 2022 for Shenzhen Innovation Investment Group Co., Ltd. (深圳市創新投資集團有限公司), Shenzhen Laterite Intelligent Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土智慧股權投資基金合夥企業(有限合夥)) and Dongguan Laterite Venture Capital Fund Partnership (Limited Partnership) (東莞紅土創業投資基金合夥企業(有限合夥)) of Series B investors), or (ii) the founders in breach of the contractual covenants, including the control and ownership continuity, founders’ and the Company’s financial integrity and legal compliance requirement and stipulated fund purposes. In addition, the Company shall undertake joint and several guaranteed liabilities for the redemption obligation of the Founding Shareholder.

The redemption price shall be the sum of issuance price paid by the respective investors plus accrued interest at compound rate of 8% per annum.

(b) Voting rights

Each share with preferential rights has voting rights equivalent to the number of shares issued.

(c) Anti-dilution rights

If the Company issues new shares at a price lower than the price paid by the Investors on a per paid-in capital basis, the Investors have a right to require the Company to issue new paid-in capital at the lowest price allowed by the law to the Investors.

(d) Profit distribution rights

The Investors have the right to receive the profit distributions declared by the Company in proportion of their shares, taking precedence over distributions that are paid on ordinary shares.

(e) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, the Investors shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation price shall be the higher of (i) share subscription consideration paid, plus accrued interest at compound rate of 8% per annum, together with accumulated dividends declared but not distributed; and (ii) the product of all the Company’s assets and funds legally available for distribution multiplied by the Investor’s shareholding proportion of the total Shares with Preferential Rights.

(f) Cease of the preferential rights

The preferential rights will automatically cease upon the submission of application with the Stock Exchange for the [REDACTED] (the “[REDACTED]”) and [REDACTED]. The Shares with Preferential Rights will become ordinary shares without any preferential rights.

As the Shares with Preferential Rights are subject to contingent redemption conditions under certain stipulated events and the share numbers of redemption are variable due to the potential adjustments under certain circumstances which are not “anti-dilutive” in nature, these shares with special rights are initially recognized at fair value. The Group designated these Shares with Preferential Rights as financial liabilities at FVTPL with fair value changes recognized in “fair value changes of financial assets and liabilities at FVTPL” in profit or loss.

The Shares with Preferential Rights will be revalued prior to the cease of the preferential rights with fair value changes, if any, recognized in “fair value changes of financial assets and liabilities at FVTPL” in profit or loss.

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In June 2023, the Company and the Investors have entered into a supplemental agreement pursuant to which the redemption right of the Shares with Preferential Rights will cease to be exercisable upon submission of the [REDACTED] application to the Stock Exchange until the earlier of (1) the application is not accepted or declined by the Stock Exchange or the Company withdraws the said application, or the Stock Exchange does not approve the Company’s application; (2) the Company fails to submit relevant information with China Securities Regulatory Commission or fails the hearing with the [REDACTED] of the Stock Exchange within certain time period, or the Company’s [REDACTED] sponsor withdraws its [REDACTED] sponsor; (3) the Company is unable to complete the [REDACTED] proceedings within the validity period; or (4) the Stock Exchange is unable to reach a definite decision on the Company’s application within two years.

The carrying amounts of the Shares with Preferential Rights are set out as below:

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
				RMB’000
Series Angel	114,915	131,980	135,699	129,598
Series A	613,650	736,177	754,958	724,941
Series B	631,647	738,566	758,069	725,663
Series C	–	399,036	413,276	391,794
Series C+	–	87,010	89,920	85,390
Total	<u>1,360,212</u>	<u>2,092,769</u>	<u>2,151,922</u>	<u>2,057,386</u>

Shares with Preferential Rights with maturity of less than one year are recorded as current liabilities:

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
				RMB’000
Current liabilities (<i>Note</i>)	–	216,650	2,151,922	2,057,386
Non-current liabilities	<u>1,360,212</u>	<u>1,876,119</u>	<u>–</u>	<u>–</u>
Total	<u>1,360,212</u>	<u>2,092,769</u>	<u>2,151,922</u>	<u>2,057,386</u>

Note: The carrying amounts as at December 31, 2021 and 2022 represent certain Shares with Preferential Rights contractually due for redemption by December 31, 2022. The Investors have entered into an agreement in June 2023 which the preferential rights will automatically cease upon the submission of application with the Stock Exchange for the [REDACTED].

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The Group applied the income approach to determine the underlying equity value of the Group and adopted equity allocation based on the Black-Scholes option pricing model to determine the fair value of the Shares with Preferential Rights. The key assumptions in evaluating the fair value are as follows:

	For the years ended December 31,			For the nine months ended
	2020	2021	2022	September 30, 2023
Discount rate	19.00%	18.00%	18.00%	18.00%
Risk-free interest rate	2.62%~2.72%	2.24%~2.37%	2.18%	2.18%~2.19%
Expected volatility value	47.30%~48.03%	46.10%~49.20%	50.08%	39.85%~47.25%
Discount for lack of marketability (the “DLOM”)	13.00%	10.00%	10.00%	10.00%
Probability under liquidation scenario	27.50%	22.50%	22.50%	17.50%
Probability under redemption scenario	27.50%	22.50%	22.50%	17.50%
Probability under [REDACTED] scenario	45.00%	55.00%	55.00%	65.00%

Discount rate was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of the Chinese treasury bonds with a maturity life close to period from the respective valuation dates to the expected [REDACTED], redemption dates and liquidation dates. Volatility was estimated on each valuation date based on medium of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected [REDACTED], redemption dates and liquidation dates. The DLOM was estimated based on the option-pricing method.

Contingent consideration for an investment in an associate

The Group has a contingent consideration of RMB4,050,000 over 19.3548% shares with preferential rights of Shanghai Xinghan as set out in Note 25, which the Group accounts for as a non-current financial liability at FVTPL. The fair value of RMB2,830,000 and nil at December 31, 2022 and September 30, 2023, respectively, was valued by the Group with the assistance from an independent professional valuer with reference to the fair value of Shanghai Xinghan’s ordinary shares.

34. SHARE CAPITAL

Authorized and issued

	Number of ordinary shares '000	Number of ordinary share with preferential rights '000 (Note 33)	Nominal value of ordinary shares RMB'000
As at January 1, 2020	140,000	56,530	196,530
Increase	–	4,171	4,171
As at December 31, 2020	140,000	60,701	200,701
Increase	–	15,944	15,944
As at December 31, 2021 and 2022 and September 30, 2023	140,000	76,645	216,645

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Presented as:

	Share capital <i>RMB’000</i>
As at January 1, 2020, December 31, 2020, 2021 and 2022 and September 30, 2023	<u>140,000</u>

35. RESERVES

The movements of the reserves of the Company are as follows:

	Capital reserves <i>RMB’000</i>	Share-based payments reserves <i>RMB’000</i> <i>(Note 36)</i>	Accumulated losses <i>RMB’000</i>	Total deficits <i>RMB’000</i>
As at January 1, 2020	337,438	–	(904,744)	(567,306)
Loss and total comprehensive expense for the year	–	–	(374,022)	(374,022)
Recognition of share-based payment expenses	–	49,772	–	49,772
Cancellation of share-based payment expenses	–	(41,429)	41,429	–
	<u>337,438</u>	<u>8,343</u>	<u>(1,237,337)</u>	<u>(891,556)</u>
As at December 31, 2020	337,438	8,343	(1,237,337)	(891,556)
Loss and total comprehensive expense for the year	–	–	(431,590)	(431,590)
Recognition of share-based payment expenses	118,606	42,812	–	161,418
	<u>456,044</u>	<u>51,155</u>	<u>(1,668,927)</u>	<u>(1,161,728)</u>
As at December 31, 2021	456,044	51,155	(1,668,927)	(1,161,728)
Loss and total comprehensive expense for the year	–	–	(159,103)	(159,103)
Recognition of share-based payment expenses	–	10,469	–	10,469
	<u>456,044</u>	<u>61,624</u>	<u>(1,828,030)</u>	<u>(1,310,362)</u>
As at December 31, 2022	456,044	61,624	(1,828,030)	(1,310,362)
Loss and total comprehensive expense for the period	–	–	(185,490)	(185,490)
Recognition of share-based payment expenses	114,126	49,565	–	163,691
Forfeiture of share-based payment expenses	–	(8,343)	8,343	–
	<u>570,170</u>	<u>102,846</u>	<u>(2,005,177)</u>	<u>(1,332,161)</u>
As at September 30, 2023	<u>570,170</u>	<u>102,846</u>	<u>(2,005,177)</u>	<u>(1,332,161)</u>
As at January 1, 2022	456,044	51,155	(1,668,927)	(1,161,728)
Loss and total comprehensive expense for the period (<i>unaudited</i>)	–	–	(113,085)	(113,085)
Recognition of share-based payment expenses (<i>unaudited</i>)	–	7,511	–	7,511
	<u>456,044</u>	<u>58,666</u>	<u>(1,782,012)</u>	<u>(1,267,302)</u>
As at September 30, 2022 (<i>unaudited</i>)	<u>456,044</u>	<u>58,666</u>	<u>(1,782,012)</u>	<u>(1,267,302)</u>

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Capital reserves

The balance mainly represents the difference between the fair values of the equity instruments of the Company contributed by the shareholders to the employees and a consultant and the consideration paid by the employees and a service provider.

36. SHARE-BASED PAYMENTS

Share-based payments plans

(a) 2017 and 2018 Share Incentive

On September 5, 2017, the Company’s shareholders’ meeting passed a resolution, according to which 40,000,000 ordinary shares of the Company were issued to Ms. Chen Jie, the Controlling Shareholder and Chairman of the Company, at RMB1.23 per share. On October 6, 2017 and April 4, 2018, two other shareholders of the Company transferred an aggregate of 20,000,000 ordinary shares of the Company to Tianjin Duoying, a company controlled by Ms. Chen Jie, at RMB1.23 per share. On December 29, 2017, another shareholder of the Company transferred 30,000,000 ordinary shares of the Company to Ningbo Xiuan, a company controlled by Ms. Chen Jie, at RMB1.23 per share.

The Group recognized these shares transactions as equity-settled share-based payments with no vesting conditions in recognition of Ms. Chen Jie’s contribution to the Group. The Group recognized the share-based payment expenses of RMB263,400,000 and RMB66,750,000, being the difference between the total fair value of the ordinary shares and the total subscription consideration, in 2017 and 2018 respectively.

Since 2018, share-based compensation benefits are provided to certain directors, senior management and employees via the Company’s share incentive schemes, which includes the grant of share options and share economic rights (the “SERs”) through the limited partnerships, including Tianjin Duoying, Tianjin Shuitong Technology Center (Limited Partnership) (天津税通科技中心(有限合伙)), Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合伙)), Tianjin Piaowang Technology Center (Limited Partnership) (天津票旺科技中心(有限合伙)), Tianjin Piaofu Technology Center (Limited Partnership) (天津票福科技中心(有限合伙)), and Ningbo Xiuan (hereinafter collectively referred to as the “LLPs”). As at December 31, 2022, the LLPs held 16.4565% in total of the shares of the Company.

(b) 2018-2020 Employee Share Options

Share options were granted to eligible employees to purchase the equity interests of the LLPs. The vesting of the share options are subject to the fulfillment of a service term with performance targets and requisite service until the completion of the [REDACTED]. If the eligible employees resign before the [REDACTED], the controlling shareholder or parties designated by the Company have the right to repurchase, and the resigned employees have to sell the share options granted and vested at the exercise price. Therefore, the completion of the [REDACTED] constitutes a vesting condition and the share-based payment expenses are not recognized until the [REDACTED] becomes probable.

In December 2020, the Company canceled the share options and accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received. RMB12,824,000 arising from the acceleration of vesting was recognized in 2020.

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The movement of the share options during the Track Record Period is as follows:

	Outstanding at January 1, 2020 '000	Granted during year '000	Exercised during year '000	Forfeited during year '000	Expired/ Canceled during year '000	Outstanding at December 31, 2020 '000
Share options	4,670	150	–	(1,750)	(3,070)	–
Weighted average exercise price	RMB1.61	RMB1.23	N/A	RMB1.23	RMB1.81	N/A

The fair value of the share options granted during the year ended December 31, 2020 was determined using the Binomial model. The inputs into the model were as follows:

	2018-2020 Employee Share Options
Weighted average share price	RMB16.12
Expected volatility	47.12% or 49.60%
Expected life	0.75-2.75 years
Risk-free rate	1.61% or 1.96%
Expected dividend yield	–

Expected volatility was determined by using the historical volatility of the share price of the comparable companies. The expected life used in the model has been adjusted, based on the Directors’ best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

(c) 2018 and 2019 Share Economic Rights (the “2018 and 2019 SERs”)

SERs were granted to eligible employees from 2018 to 2020 through the LLPs. The value of SERs is indexed to the equity value of the Company. The vesting of SERs is subject to the requisite service until the completion of [REDACTED]. If eligible employees resign before the [REDACTED], the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the SERs granted and vested at the subscription price. Therefore, the completion of the [REDACTED] constitutes a vesting condition. Upon meeting the condition, the grantees may choose to dispose the vested SERs through the LLPs and the LLPs shall dispose the shares of the Company underlying such vested SERs and transfer the proceeds to the grantees. The Group does not bear the obligation to settle the SERs plan for employees, the SERs plan was accounted as an equity transaction for share-based payments. The share-based payment expenses are not recognized until the [REDACTED] becomes probable. The Directors were of the view that the [REDACTED] became probable in December 2021 and hence no share-based payment expenses were recognized for the 2018 and 2019 SERs canceled prior to December 31, 2020.

In 2020 and 2021, two employees resigned and Ms. Chen Jie and the Company decided to waive the repurchase right of service period related vesting condition in recognition of their contribution to the Group, which resulted in a modification with removal of the vesting condition. The share-based payment expenses of RMB8,343,000 was recognized immediately upon the modification in each of 2020 and 2021.

In December 2020, except for the 2018 and 2019 SERs granted to these two employees, the Company canceled the 2018 and 2019 SERs and accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received. RMB28,605,000 arising from the acceleration of vesting was recognized in 2020.

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The movement of the 2018 and 2019 SERs during the Track Record Period is as follows:

	Number of 2018 and 2019 SERs	Weighted- average grant date fair value
	<i>'000</i>	<i>RMB</i>
As at January 1, 2020	6,250	11.92
Forfeited	(1,650)	11.92
Canceled during the year	(2,400)	11.92
	<hr/>	
As at December 31, 2020	2,200	11.92
Forfeited	(800)	11.92
	<hr/>	
As at December 31, 2021 and 2022	1,400	11.92
Forfeited	(700)	11.92
	<hr/>	
As at September 30, 2023	<u>700</u>	11.92

The 2018 and 2019 SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2018 and 2019 SERs
Discount rate	19.00%-21.00%
DLOM	16.00%-21.00%

(d) The 2020 SERs Scheme

In 2021 and 2022, pursuant to 2020 SERs Scheme, an aggregate of 13,780,000 SERs of the LLPs were granted, representing 13,780,000 ordinary shares of par value of RMB1 each in the share capital of the Company with the subscription price at RMB1.23 (the “2020 SERs I”) or RMB2.51 (the “2020 SERs II”) each SER to eligible employees. The vesting is subject to the requisite service until the completion of the [REDACTED] of which 25% of the SERs are to be vested upon the completion of the [REDACTED], and 25% in each of the subsequent three years. The SERs could not be sold during the period from date of grant to 3 years after the completion of the [REDACTED] (the “Lock-up Period”), after which 50% of vested SERs can be sold by the SERs holders in each of the subsequent two years. If the eligible employees resign during the Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price. The share-based payment expenses are not recognized until the [REDACTED] becomes probable. In December 2021, the Directors were of a view that the [REDACTED] became probable and share-based payment expenses of RMB34,469,000 were recognized in 2021.

In addition, in 2021, an aggregate of 6,700,000 SERs of the LLPs were granted, representing 6,700,000 ordinary shares of par value at RMB1 each in the share capital of the Company with the price of RMB1.23/2.51 (the “2020 SERs III”) for each SER. The 2020 SERs III were not subject to the [REDACTED] condition and were fully vested upon the grant.

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In 2023, pursuant to the 2020 SERs III, an aggregate of 5,450,000 SERs of the LLPs were granted to two key management personnel and a consultant, representing 5,450,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the price of RMB1.23/2.51 for each SER.

The share-based payment expenses of RMB118,606,000 and RMB114,126,000 were recognized in 2021 and in the nine months ended September 30, 2023, respectively.

A summary of the 2020 SERs’ movement is as follows:

	Number of 2020 SERs ’000	Weighted- average grant date fair value RMB
As at January 1, 2021	–	–
Granted during the year	20,165	16.36
Forfeited	<u>(2,420)</u>	15.56
As at December 31, 2021	17,745	16.47
Granted during the year	315	16.14
Forfeited	<u>(2,075)</u>	15.76
As at December 31, 2022	15,985	16.56
Granted during the year	5,450	20.94
Forfeited	<u>(595)</u>	15.97
As at September 30, 2023	<u><u>20,840</u></u>	17.72

The SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2020 SERs
Discount rate	18.00%
DLOM	11.00%-23.00%

In 2022, the Company made the following modifications to the 2020 SERs I and 2020 SERs II:

- 1) For 2020 SERs I, the SERs could not be sold from the date of grant to 1 year after the completion of the [REDACTED] (the “Revised Lock-up Period”), after which 50%, 25% and 25% of vested SERs can be sold in each of the subsequent three years. If the eligible employees resign during the Revised Lock-up Period and first 2 years of after the Revised Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the “2022 SERs I”).
- 2) For 2020 SERs II, the SERs could not be sold from the date of grant to 1 year after the completion of the [REDACTED], after which 20%, 20%, 30% and 30% of vested SERs could be sold in each of the subsequent four years. If the eligible employees resign during the Revised Lock-up Period and first 2 years after the Revised Lock-up period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the “2022 SERs II”).

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(e) The 2022 SERs Scheme

In 2022, pursuant to the 2022 SERs II, an aggregate of 445,000 SERs were granted, representing 445,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the price of RMB2.51 each SER was granted to eligible employees.

In the nine months ended September 30, 2023, pursuant to the 2022 SERs I and 2022 SERs II, an aggregate of 7,105,000 SERs of the LLPs were granted, representing 7,105,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the subscription price of RMB1.23 or RMB2.51 each SER to eligible employees.

The share-based payment expenses of RMB10,469,000 and RMB49,565,000 were recognized during the year ended December 31, 2022 and the nine months ended September 30, 2023, respectively.

The following table discloses movements of the newly granted 2022 SERs.

	Number of 2022 SERs	Weighted- average grant date fair value
	<i>'000</i>	<i>RMB</i>
As at January 1, 2022	–	–
Granted during the year	445	17.39
As at December 31, 2022	445	17.39
Granted during the period	7,105	17.79
Forfeited	(120)	17.31
As at September 30, 2023	<u>7,430</u>	17.77

The SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2022 SERs
Discount rate	18.00%
DLOM	11.00%-21.00%

37. CONTINGENT LIABILITIES

As of the date of this report, the Company involved in one pending litigation. This pending litigation relates to the appeal of a patent infringement case, in which the plaintiff alleged that the Company violated its invention patent and sought damage of over RMB7 million. In September 2022, the Beijing Intellectual Property Court dismissed the plaintiff’s complaint in favor of the Company. In October 2022, the plaintiff appealed to the Supreme People’s Court, which has accepted the plaintiff’s application in February 2023. As of the date of this report, the Supreme People’s Court has not issued a judgment. The Directors believe, based on legal advice, that there is some uncertainty in the outcome of this pending litigation and the possibility of overturning the first instance judgment and determining that the Company has violated the plaintiff’s invention patent is relatively low.

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38. CAPITAL COMMITMENTS

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Capital expenditure in respect of acquisition of equity interests in associates	50,115	22,250	22,250	29,930

The capital commitment mainly represents the outstanding capital injection commitments in certain investments in associates in accordance with the agreements entered with other shareholders, in proportion to the existing shareholdings. Such commitments can be nullified by agreements with all the shareholders involved.

39. CAPITAL RISK MANAGEMENT

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital and Share with Preferential Rights) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the capital. The Group may issue new shares or Shares with Preferential Rights.

40. FINANCIAL INSTRUMENTS

Financial instruments by categories

The Group

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
Financial assets				
Amortized cost	393,233	782,982	485,641	373,915
Financial assets at FVTPL	200,666	238,296	440,387	384,418
	<u>593,899</u>	<u>1,021,278</u>	<u>926,028</u>	<u>758,333</u>
Financial liabilities				
Amortized cost	125,988	64,067	55,911	63,263
Financial liabilities at FVTPL	1,360,212	2,092,769	2,154,752	2,057,386
	<u>1,486,200</u>	<u>2,156,836</u>	<u>2,210,663</u>	<u>2,120,649</u>

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The Company

	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Financial assets				
Amortized cost	395,484	789,725	479,587	412,098
Financial assets at FVTPL	200,666	238,296	420,343	370,004
	<u>596,150</u>	<u>1,028,021</u>	<u>899,930</u>	<u>782,102</u>
Financial liabilities				
Amortized cost	171,728	91,787	62,924	87,602
Financial liabilities at FVTPL	1,360,212	2,092,769	2,151,922	2,057,386
	<u>1,531,940</u>	<u>2,184,556</u>	<u>2,214,846</u>	<u>2,144,988</u>

Financial risk management

The Group’s activities expose it to a variety of financial risks, such as market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the Directors.

The Group’s and the Company’s major financial instruments include financial assets at FVTPL, trade and other receivables, bank balances and cash, restricted bank deposits, term deposits, amounts due from related parties, trade and other payables, amounts due to related parties and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group and the Company to cash flow interest rate risk, whereas fixed rate instruments expose the Group and the Company to fair value interest risk. The Group’s and the Company’s cash flow interest rate risk primarily arose from bank balances and cash with market interest rate and market interest rate indexed wealth management products, details of which have been disclosed in Note 30 and Note 25, respectively. The Group’s and the Company’s fair value interest rate risk primarily arises from term deposits and lease liabilities, details of which have been disclosed in Note 30 and Note 21 respectively.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Directors consider that the impact to profit or loss for respective years/period are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

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Other price risk

The Group is exposed to price risk in respect of part of its market price indexed wealth management products, investments in associates with preferential rights, Shares with Preferential Rights and contingent consideration for acquiring an associate. The Group’s and the Company’s other price risk primarily arises from wealth management products measured as financial assets at FVTPL and Shares with Preferential Rights, details of which have been disclosed in Note 25 and Note 33, respectively. The Group has appointed a special team to monitor the price risk.

The Group currently does not have a policy to hedge the other price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

Sensitivity analyses for Shares with Preferential Rights fair value measurement categorized within Level 3 were disclosed in Note 40.

For sensitivity analysis purpose, the sensitivity rates are changed to 22%, 22%, 22% and 16% for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 due to change in market conditions.

The Group’s sensitivities to market price indexed wealth management products, investments in associates with preferential rights, and contingent consideration for acquiring an associate at the end of the reporting periods while all other variables were held constant are as follows:

	2020	2021	2022	Nine months ended September 30, 2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Reasonably possible change in equity price	22%	22%	22%	16%
(Increase) decrease in post-tax loss and total comprehensive expense for the year/period				
as a result of decrease in equity price	–	(52,573)	(31,210)	(10,050)
as a result of increase in equity price	–	52,573	31,210	10,050

(b) Credit risk and impairment assessment

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group’s credit risk is mainly associated with trade and other receivables, bank balances and cash, restricted bank deposits, term deposits, amounts due from related parties and contract assets.

The Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

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The tables below detail the credit risk exposures of the Group’s financial assets, which are subject to ECL assessment:

	Notes	12m or Lifetime ECL	Gross carrying amount			As at
			As at December 31,			September 30,
			2020	2021	2022	2023
		RMB’000	RMB’000	RMB’000	RMB’000	
Financial assets at amortized cost						
Bank balances and cash	30	12m ECL	273,102	505,006	237,206	211,360
Restricted bank deposits	30	12m ECL	847	515	103	2,063
Short-term bank deposits with maturity over three months	30	12m ECL	30,198	104,785	80,472	108,970
Long-term bank deposits	30	12m ECL	52,506	103,027	106,427	–
Notes receivables	28	12m ECL	494	301	589	357
Trade receivables	28	Lifetime ECL (not credit-impaired)	22,648	29,910	33,379	32,269
Trade receivables	28	Lifetime ECL (credit-impaired)	545	1,566	1,609	1,730
Contract assets	32	Lifetime ECL (not credit-impaired)	65,618	70,419	78,591	85,155
Other receivables and deposits	28	12m ECL	13,338	23,411	28,675	21,316
Amounts due from related parties						
– trade nature	42	Lifetime ECL (not credit-impaired)	1,094	2,023	1,433	25
– trade nature	42	Lifetime ECL (credit-impaired)	–	–	–	1,125
– contract assets	42	Lifetime ECL (not credit-impaired)	193	1,390	1,550	6,690
– non-trade nature	42	12m ECL	40	15,731	63	53

The Group’s bank balances and cash, restricted bank deposits, and term deposits are mainly deposited in state-owned or reputable financial institutions in PRC. There has been no recent history of default in relation to these financial institutions. The Group considers the instruments have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the Track Record Period. The Group considers that there is no significant credit risk and no material losses due to the default of the other parties.

To manage risk arising from trade receivables, contract assets and amounts due from related parties of trade nature, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The Group will not grant credit period over 180 days to the customers from invoice date and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, for measuring ECL, trade receivables, contract assets and amounts due from related parties of trade nature have been grouped based on shared credit risk characteristics and aging. In addition, trade receivables, contract assets and amounts due from related parties of trade nature with significant balances are assessed for ECL individually.

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	Gross carrying amount <i>RMB’000</i>	ECL rate	Loss allowance <i>RMB’000</i>
<i>As at December 31, 2020</i>			
Trade receivables (including amounts due from related parties)			
Assessed individually	8,393	0.60%	50
Assessed on collective basis (by aging)			
– 0-90 days	6,718	1.41%	95
– 91-180 days	2,788	2.91%	81
– 181-365 days	3,535	5.69%	201
– Over 1 year	2,853	38.52%	1,099
	<u>24,287</u>		<u>1,526</u>
Contract assets (including amounts due from related parties)			
Assessed individually	21,963	0.68%	149
Assessed on collective basis	43,848	0.36%	158
	<u>65,811</u>		<u>307</u>
	<u><u>90,098</u></u>		<u><u>1,833</u></u>
<i>As at December 31, 2021</i>			
Trade receivables (including amounts due from related parties)			
Assessed individually	7,615	0.87%	66
Assessed on collective basis (by aging)			
– 0-90 days	13,909	1.31%	182
– 91-180 days	3,158	3.32%	105
– 181-365 days	3,980	5.78%	230
– Over 1 year	4,837	51.02%	2,468
	<u>33,499</u>		<u>3,051</u>
Contract assets (including amounts due from related parties)			
Assessed individually	19,349	0.56%	108
Assessed on collective basis	52,459	0.45%	236
	<u>71,808</u>		<u>344</u>
	<u><u>105,307</u></u>		<u><u>3,395</u></u>

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	Gross carrying amount <i>RMB’000</i>	ECL rate	Loss allowance <i>RMB’000</i>
<i>As at December 31, 2022</i>			
Trade receivables (including amounts due from related parties)			
Assessed individually	8,887	0.66%	59
Assessed on collective basis (by aging)			
– 0-90 days	9,716	1.26%	122
– 91-180 days	4,751	3.07%	146
– 181-365 days	5,598	5.54%	310
– Over 1 year	7,469	46.90%	3,503
	<u>36,421</u>		<u>4,140</u>
Contract assets (including amounts due from related parties)			
Assessed individually	22,120	0.38%	83
Assessed on collective basis	58,021	0.79%	456
	<u>80,141</u>		<u>539</u>
	<u><u>116,562</u></u>		<u><u>4,679</u></u>
<i>As at September 30, 2023</i>			
Trade receivables (including amounts due from related parties)			
Assessed individually	9,205	12.71%	1,170
Assessed on collective basis (by aging)			
– 0-90 days	10,991	1.44%	158
– 91-180 days	5,099	4.96%	253
– 181-365 days	3,914	7.33%	287
– Over 1 year	5,940	55.57%	3,301
	<u>35,149</u>		<u>5,169</u>
Contract assets (including amounts due from related parties)			
Assessed individually	39,627	0.70%	276
Assessed on collective basis	52,218	0.97%	508
	<u>91,845</u>		<u>784</u>
	<u><u>126,994</u></u>		<u><u>5,953</u></u>

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The following table shows the movement in lifetime ECL that has been recognized for trade receivables, contract assets and amounts due from related parties of trade nature under the simplified approach.

Trade receivables

	Lifetime ECL (not credit-impaired) RMB’000	Lifetime ECL (credit-impaired) RMB’000	Total RMB’000
As at January 1, 2020	760	202	962
Changes due to financial instruments recognized as at January 1, 2020:			
Impairment losses reversed	(725)	–	(725)
Impairment losses recognized	1,289	–	1,289
Transfer to credit-impaired	(343)	343	–
As at December 31, 2020	<u>981</u>	<u>545</u>	<u>1,526</u>
Changes due to financial instruments recognized as at January 1, 2021:			
Impairment losses reversed	(667)	–	(667)
Impairment losses recognized	2,192	–	2,192
Transfer to credit-impaired	(1,021)	1,021	–
As at December 31, 2021	<u>1,485</u>	<u>1,566</u>	<u>3,051</u>
Changes due to financial instruments recognized as at January 1, 2022:			
Impairment losses reversed	(741)	–	(741)
Impairment losses recognized	1,830	–	1,830
Transfer to credit-impaired	(43)	43	–
As at December 31, 2022	<u>2,531</u>	<u>1,609</u>	<u>4,140</u>
Changes due to financial instruments recognized as at January 1, 2023:			
Impairment losses reversed	(2,371)	–	(2,371)
Impairment losses recognized	3,400	–	3,400
Transfer to credit-impaired	(1,246)	1,246	–
As at September 30, 2023	<u>2,314</u>	<u>2,855</u>	<u>5,169</u>
As at December 31, 2021	<u>1,485</u>	<u>1,566</u>	<u>3,051</u>
Changes due to financial instruments recognized as at January 1, 2022:			
Impairment losses reversed (unaudited)	(1,044)	–	(1,044)
Impairment losses recognized (unaudited)	2,071	–	2,071
Transfer to credit-impaired (unaudited)	(43)	43	–
As at September 30, 2022 (unaudited)	<u>2,469</u>	<u>1,609</u>	<u>4,078</u>

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Contract assets

	Lifetime ECL (not credit-impaired)
	<i>RMB’000</i>
As at January 1, 2020	103
Changes due to financial instruments recognized as at January 1, 2020:	
Impairment losses reversed	(66)
Impairment losses recognized	270
	<hr/>
As at December 31, 2020	307
Changes due to financial instruments recognized as at January 1, 2021:	
Impairment losses reversed	(264)
Impairment losses recognized	301
	<hr/>
As at December 31, 2021	344
Changes due to financial instruments recognized as at January 1, 2022:	
Impairment losses reversed	(260)
Impairment losses recognized	455
	<hr/>
As at December 31, 2022	539
Changes due to financial instruments recognized as at January 1, 2023:	
Impairment losses reversed	(306)
Impairment losses recognized	551
	<hr/>
As at September 30, 2023	784
	<hr/> <hr/>
As at December 31, 2021	344
Changes due to financial instruments recognized as at January 1, 2022:	
Impairment losses reversed (unaudited)	(283)
Impairment losses recognized (unaudited)	812
	<hr/>
As at September 30, 2022 (unaudited)	873
	<hr/> <hr/>

The management believes that there is no significant increase in credit risk of these amounts of notes receivables, other receivables and deposits, and amounts due from related parties of non-trade nature since initial recognition and the Group and the Company provided impairment based on 12m ECL. For the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, the Group and the Company assessed the ECL for other receivables and amounts due from related parties of non-trade nature are insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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(c) *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, term deposits and operating cash flows, the Directors believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the date of the report.

The following table details remaining contractual maturity of the Group’s financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities on the earliest date which the Group can be required to pay. The maturity dates are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average interest rate	Carrying amount RMB’000	On demand or less than 1 year RMB’000	Between 1 and 2 years RMB’000	Between 2 and 5 years RMB’000	Over 5 years RMB’000	Total RMB’000
As at December 31, 2020							
Trade and other payables	–	96,931	96,931	–	–	–	96,931
Amounts due to related parties	–	29,057	29,057	–	–	–	29,057
Financial liabilities at FVTPL	8.00%	1,360,212	–	1,123,748	–	–	1,123,748
Lease liabilities	5.66%	6,882	6,771	307	–	–	7,078
		<u>1,493,082</u>	<u>132,759</u>	<u>1,124,055</u>	<u>–</u>	<u>–</u>	<u>1,256,814</u>
As at December 31, 2021							
Trade and other payables	–	50,930	50,930	–	–	–	50,930
Amounts due to related parties	–	13,136	13,136	–	–	–	13,136
Financial liabilities at FVTPL	8.00%	2,092,769	188,998	1,605,748	–	–	1,794,746
Lease liabilities	5.66%	35,676	11,557	18,994	7,456	–	38,007
		<u>2,192,511</u>	<u>264,621</u>	<u>1,624,742</u>	<u>7,456</u>	<u>–</u>	<u>1,896,819</u>
As at December 31, 2022							
Trade and other payables	–	54,441	54,441	–	–	–	54,441
Amounts due to related parties	–	1,470	1,470	–	–	–	1,470
Financial liabilities at FVTPL	8.00%	2,154,752	1,794,802	4,050	–	–	1,798,852
Lease liabilities	5.66%	25,796	19,342	7,430	124	–	26,896
		<u>2,236,459</u>	<u>1,870,055</u>	<u>11,480</u>	<u>124</u>	<u>–</u>	<u>1,881,659</u>
As at September 30, 2023							
Trade and other payables		59,296	59,296	–	–	–	59,296
Amounts due to related parties		3,967	3,967	–	–	–	3,967
Financial liabilities at FVTPL	8.00%	2,057,386	1,777,027	–	–	–	1,777,027
Lease liabilities	5.66%	16,562	14,917	1,542	659	–	17,118
		<u>2,137,211</u>	<u>1,855,207</u>	<u>1,542</u>	<u>659</u>	<u>–</u>	<u>1,857,408</u>

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Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as 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. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value.

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The following tables provide the fair value measurement hierarchy of the Group’s financial assets and liabilities:

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at December 31, 2020				
Assets:				
Financial assets at FVTPL	–	200,666	–	200,666
Liabilities:				
Financial liabilities at FVTPL	–	–	1,360,212	1,360,212
As at December 31, 2021				
Assets:				
Financial assets at FVTPL	–	218,856	19,440	238,296
Liabilities:				
Financial liabilities at FVTPL	–	–	2,092,769	2,092,769

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	Level 1 <i>RMB’000</i>	Level 2 <i>RMB’000</i>	Level 3 <i>RMB’000</i>	Total <i>RMB’000</i>
As at December 31, 2022				
Assets:				
Financial assets at FVTPL	–	400,900	39,487	440,387
Liabilities:				
Financial liabilities at FVTPL	–	–	2,154,752	2,154,752
As at September 30, 2023				
Assets:				
Financial assets at FVTPL	–	351,770	32,648	384,418
Liabilities:				
Financial liabilities at FVTPL	–	–	2,057,386	2,057,386

The following summaries the fair values of major financial assets and liabilities to determine the valuation techniques and inputs used:

Financial assets/ liabilities	Carrying amount 2020 <i>RMB’000</i>	Carrying amount 2021 <i>RMB’000</i>	Carrying amount 2022 <i>RMB’000</i>	Carrying amount September 30, 2023 <i>RMB’000</i>	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable	Relationship of unobservable inputs to fair value
Wealth management products	200,666	218,856	400,900	351,770	Level 2	Discounted cash flow	Volatility	The higher the volatility, the higher the fair value
Investments in associates with preferential rights and the arrangement/right to receive additional shares at nominal consideration	–	19,440	39,487	32,648	Level 3	Income approach	Expected future cash flow	The more the cash flow, the higher the fair value
						Combination of Probability-weighted Return Method and Option Price Method	DLOM	The lower the DLOM, the higher the fair value

During the Track Record Period, fair value changes arose from the financial assets classified within Level 2 and 3 as listed in the table above were insignificant. The Directors consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group’s results. Accordingly, no sensitivity analysis is presented.

The determination of the fair value for Shares with Preferential Rights and share-based payments are set out in Note 33 and Note 36, respectively.

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Fair value of the Shares with Preferential Rights is affected by changes in the Company’s equity value. If the Company’s equity value had increased/decreased by 2% with all other variables held constant, the loss before tax for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 would have been approximately RMB21,014,000, RMB34,143,000, RMB34,569,000 and RMB33,676,000 higher/lower, respectively.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting end. During the Track Record Period, there were no transfers among different levels of fair values measurement.

	Wealth management products	Investments in associates with preferential rights and the arrangement/right to receive additional shares at nominal consideration	Shares with Preferential Rights	Contingent consideration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at January 1, 2020	50,437	–	(983,098)	–
Issue of shares (<i>Note 33</i>)	–	–	(80,000)	–
Purchase	1,739,700	–	–	–
Redemption	(1,600,675)	–	–	–
Changes in fair value	11,204	–	(297,114)	–
As at December 31, 2020	200,666	–	(1,360,212)	–
Issue of shares (<i>Note 33</i>)	–	–	(468,707)	–
Purchase	594,000	–	–	–
Redemption	(588,712)	–	–	–
Investment in FVTPL	–	34,015	–	–
Changes in fair value	12,902	(14,575)	(263,850)	–
As at December 31, 2021	218,856	19,440	(2,092,769)	–
Purchase	1,400,000	–	–	–
Redemption	(1,223,024)	–	–	–
Investment in FVTPL	–	19,122	–	(2,499)
Changes in fair value	5,068	925	(59,153)	(331)
As at December 31, 2022	400,900	39,487	(2,151,922)	(2,830)
Purchase	600,000	–	–	–
Redemption	(656,401)	–	–	–
Changes in fair value	7,271	(6,839)	94,536	2,830
As at September 30, 2023	351,770	32,648	(2,057,386)	–

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting periods.

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41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Shares with Preferential Rights <i>RMB’000</i>	Prepayments of share issued costs <i>RMB’000</i>	Lease liabilities <i>RMB’000</i>	Trade and other payables non-trade <i>RMB’000</i>	Total <i>RMB’000</i>
As at January 1, 2020	983,098	–	15,763	–	998,861
Financing cash flows	80,000	–	(11,017)	25,200	94,183
New lease entered	–	–	1,398	–	1,398
Finance costs	–	–	738	–	738
Changes in fair values of financial liabilities at FVTPL	297,114	–	–	–	297,114
As at December 31, 2020	1,360,212	–	6,882	25,200	1,392,294
Financing cash flows	468,707	(671)	(7,167)	(25,200)	435,669
New lease entered/lease modification	–	–	35,718	–	35,718
Finance costs	–	–	243	–	243
Changes in fair values of financial liabilities at FVTPL	263,850	–	–	–	263,850
As at December 31, 2021	2,092,769	(671)	35,676	–	2,127,774
Financing cash flows	–	(1,706)	(12,014)	–	(13,720)
New lease entered	–	–	567	–	567
Finance costs	–	–	1,567	–	1,567
Changes in fair values of financial liabilities at FVTPL	59,153	–	–	–	59,153
As at December 31, 2022	2,151,922	(2,377)	25,796	–	2,175,341
Financing cash flows	–	(5,138)	(13,728)	–	(18,866)
New lease entered and early termination of a lease	–	–	3,688	–	3,688
Finance costs	–	–	806	–	806
Changes in fair values of financial liabilities at FVTPL	(94,536)	–	–	–	(94,536)
As at September 30, 2023	2,057,386	(7,515)	16,562	–	2,066,433

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42. RELATED PARTY TRANSACTIONS

Names and relationships with related parties

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

Name of related parties	Relationship with the Group
Ms. Chen Jie	The Controlling Shareholder and Chairman
Mr. Chen Lin	The brother of the Controlling Shareholder
Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司) and its subsidiaries (“Watertek”) (Note 1)	Non-controlling shareholder
Heilongjiang Yizhangtong Business Service Co., Ltd. (黑龍江壹賬通商務服務有限公司) and its subsidiaries (“Yizhangtong”) (Note 1)	Controlled by Mr. Chen Lin
Baiwang Intelligent (Note 1)	Associate
Guomai Xin’an Technology Co., Ltd. (北京國脈信安科技有限公司) (“Guomai Xin’an”) (Note 1)	Significantly influenced by the Controlling Shareholder
Beijing Bright Intelligent Information Technology Co., Ltd. (北京閃亮智能信息技術有限公司) (“Bright Intelligent”) (Note 1)	Controlled by a close family member of Director
Fosun Holdings Limited and its subsidiaries (“Fosun”) (Note 1)	Non-controlling shareholder with significant influence
Baiwang Jinfu Technology Co., Ltd. (百望金賦科技有限公司) (“Baiwang Jinfu”) (Notes 1 and 2)	Non-controlling shareholder with significant influence
Daokou Jinke (Note 1)	Associate
Boya Zhongke (Note 1)	Associate
Baiwang Jinshui (Note 1)	Joint venture
Guangxi United (Note 1)	Associate
Shanghai Xinghan (Note 1)	Associate
Beijing Wisedoing Network Information Technology Co., Ltd. (北京唯致動力網絡信息技術有限公司) (“Wisedoing”) (Note 1)	Controlled by Mr. Chen Lin

Note 1: The English name of the companies established in the PRC are for reference only and have not been registered.

Note 2: Pursuant to Watertek’s declaration in January 2022, Watertek abandoned the right to appoint a director and ceased to exercise significant influence over the Company. The Directors consider Baiwang Jinfu being a joint venture of Watertek is no longer a related party of the Company from January 2022 onwards.

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Transactions with related parties

The Group have the following transactions and balances with related parties:

Name of related parties	Nature of transactions	Year ended December 31,			Nine months ended September 30	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Watertek	Provision of services	722	61	–	–	–
Fosun	Provision of services	53	1,503	133	121	58
Daokou Jinke	Provision of services	–	1,415	–	–	–
Baiwang Jinshui	Provision of services	999	811	715	566	701
Guangxi United	Provision of services	–	–	3,876	1,055	36,997
Ms. Chen Jie	Interest income	–	–	620	465	–
Others	Provision of services	–	239	10	5	157
Total		<u>1,774</u>	<u>4,029</u>	<u>5,354</u>	<u>2,212</u>	<u>37,913</u>

Name of related parties	Nature of transactions	Year ended December 31,			Nine months ended September 30	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Watertek	Purchases of services and products	7,771	4,659	–	–	–
Baiwang Jinfu	Purchases of services and products	17,151	11,346	–	–	–
Yizhangtong	Purchases of services	497	1,137	–	–	–
Guomai Xin'an	Purchases of services and products	2,159	3,022	4,270	3,330	5,084
Bright Intelligent	Purchases of services	1,297	509	–	–	–
Boya Zhongke	Purchases of services and products	4,652	98	2,007	1,876	354
Baiwang Intelligent	Purchases of services	–	–	4,616	–	–
Others	Purchases of services	156	1,029	200	78	948
Total		<u>33,683</u>	<u>21,800</u>	<u>11,093</u>	<u>5,284</u>	<u>6,386</u>

In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

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Balance with related parties

At the end of each reporting period, the Group have the following significant balances with related parties:

Amounts due from related parties

Nature of balances with related parties	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade receivables	1,094	2,023	1,433	21
Other receivables	40	15,731	63	53
Prepayments	1,660	116	585	461
Contract assets	193	1,390	1,550	6,690
Subtotal	<u>2,987</u>	<u>19,260</u>	<u>3,631</u>	<u>7,225</u>

Name of related parties	Nature of transactions (Note a)	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
Guomai Xin'an	Trade	1,632	–	–	–
Guangxi United	Trade	–	–	861	5,993
Daokou Jinke	Trade	–	1,172	1,125	–
Baiwang Intelligent	Trade	–	–	585	461
Baiwang Jinshui	Trade	1,184	1,922	866	706
Watertek	Trade	101	158	–	–
Others	Trade	30	277	131	12
Subtotal		<u>2,947</u>	<u>3,529</u>	<u>3,568</u>	<u>7,172</u>

Name of related parties	Nature of transactions	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
					RMB'000
Ms. Chen Jie (Note b)	Non-trade	–	15,731	–	–
Others (Note c)	Non-trade	40	–	63	53
Subtotal		<u>40</u>	<u>15,731</u>	<u>63</u>	<u>53</u>
Total		<u>2,987</u>	<u>19,260</u>	<u>3,631</u>	<u>7,225</u>

The maximum amount outstanding during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 in respect of the amounts due from Ms. Chen Jie and companies controlled by Ms. Chen Jie are nil, RMB15,731,000, RMB16,351,000 and nil, respectively.

Notes:

- a. Balances of trade nature are unsecured, interest-free, and aged within one year.
- b. Balances of non-trade nature are unsecured, interest-bearing and repayable on demand.
- c. Balances with other related parties are unsecured, interest-free and repayable on demand.

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Amounts due to related parties

Nature of balances with related parties	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB’000	RMB’000	RMB’000	2023
				RMB’000
Trade payables	28,942	13,021	1,355	3,761
Other payables	115	115	115	206
Contract liabilities	461	884	9,582	11,916
	<u>29,518</u>	<u>14,020</u>	<u>11,052</u>	<u>15,883</u>

Name of related parties	Nature of transactions (Note a)	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB’000	RMB’000	RMB’000	2023
					RMB’000
Watertek	Trade	174	340	–	–
Baiwang Jinfu	Trade	25,285	8,979	–	–
Guomai Xin’an	Trade	608	2,373	1,022	3,415
Baiwang Jinshui	Trade	623	999	210	186
Boya Zhongke	Trade	1,732	729	298	33
Yizhangtong	Trade	801	–	–	–
Guangxi United	Trade	–	–	8,765	11,098
Others	Trade	180	485	642	945
		<u>29,403</u>	<u>13,905</u>	<u>10,937</u>	<u>15,677</u>

Name of related parties	Nature of transactions (Note b)	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB’000	RMB’000	RMB’000	2023
					RMB’000
Wisdoing	Non-trade	112	112	112	112
Others	Non-trade	3	3	3	94
		<u>115</u>	<u>115</u>	<u>115</u>	<u>206</u>
Total		<u>29,518</u>	<u>14,020</u>	<u>11,052</u>	<u>15,883</u>

Notes:

- a. Balances of trade nature are unsecured, interest-free and aged within one year.
- b. Balances of non-trade nature are unsecured, interest-free and repayable on demand.

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At the end of each reporting period, the Company have the following significant balances with related parties:

Amounts due from related parties

Nature of balances with related parties	As at December 31,			As at
	2020	2021	2022	September 30,
	RMB'000	RMB'000	RMB'000	2023
Trade receivables	38,071	40,484	45,311	43,904
Other receivables	95	148,961	51,613	72,063
Prepayments	1,660	116	585	457
Contract assets	193	265	425	5,046
Subtotal	40,019	189,826	97,934	121,470

Name of related parties	Nature of transactions (Note a)	As at December 31,			As at
		2020	2021	2022	September 30,
		RMB'000	RMB'000	RMB'000	2023
Beijing Baiwang Enterprise Service Technology Co., Ltd. (“Baiwang Enterprise Service”)	Trade	36,977	36,977	36,977	36,977
Guomai Xin’an	Trade	1,632	–	–	–
Baiwang Jinshui	Trade	1,184	1,922	866	706
Watertek	Trade	101	158	–	–
Chongqing Zhishui Yun Technology Co., Ltd.	Trade	–	1,485	3,788	3,788
Guangxi United	Trade	–	–	861	4,349
Baiwang Intelligent	Trade	–	–	585	461
Baiwangyun Technology (Beijing) Co., Ltd. (“Baiwangyun Technology”)	Trade	–	–	3,114	3,114
Others	Trade	30	323	130	12
Subtotal		39,924	40,865	46,321	49,407

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Name of related parties	Nature of transactions	As at December 31,			As at
		2020	2021	2022	September 30, 2023
		RMB’000	RMB’000	RMB’000	RMB’000
Beijing Baiwang Huiyan Data Technology Co., Ltd. (“Baiwang Huiyan”)	Non-trade	–	129,018	20,023	16,798
Ms. Chen Jie (<i>Note b</i>)	Non-trade	–	15,731	–	–
Baiwang Maoyi (Suzhou) Software Co., Ltd.	Non-trade	–	4,164	4,342	4,475
Beijing Baiwang Jinkong Technology Co., Ltd. (“Baiwang Jinkong”)	Non-trade	–	–	26,400	49,526
Baiwangyun Technology	Non-trade	–	–	788	–
Others (<i>Note c</i>)	Non-trade	95	48	60	1,264
Subtotal		95	148,961	51,613	72,063
Total		40,019	189,826	97,934	121,470

The maximum amount outstanding during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 in respect of the amounts due from Ms. Chen Jie and companies controlled by Ms. Chen Jie are nil, RMB15,731,000, RMB16,351,000 and nil, respectively.

Notes:

- a. Balances of trade nature are unsecured and interest-free.
- b. Balances of the non-trade nature are unsecured, interest-bearing and repayable on demand.
- c. Balances with other related parties are unsecured, interest-free and repayable on demand.

Amounts due to related parties

Nature of balances with related parties	As at December 31,			As at
	2020	2021	2022	September 30, 2023
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	28,942	13,021	1,355	4,603
Other payables	50,817	45,735	29,400	42,855
Contract liabilities	461	887	8,866	10,054
Subtotal	80,220	59,643	39,621	57,512

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Name of related parties	Nature of transactions (Note a)	As at December 31,			As at
		2020 RMB’000	2021 RMB’000	2022 RMB’000	September 30, 2023 RMB’000
Watertek	Trade	174	340	–	–
Baiwang Jinfu	Trade	25,285	8,979	–	–
Boya Zhongke	Trade	1,732	729	298	33
Guomai Xin’an	Trade	608	2,373	1,022	3,415
Yizhangtong	Trade	801	–	–	–
Baiwang Jinshui	Trade	623	999	210	186
Guangxi United	Trade	–	–	8,049	9,236
Others	Trade	180	488	642	1,787
Subtotal		29,403	13,908	10,221	14,657

Name of related parties	Nature of transactions (Note b)	As at December 31,			As at
		2020 RMB’000	2021 RMB’000	2022 RMB’000	September 30, 2023 RMB’000
Baiwang Enterprise Service	Non-trade	27,035	30,797	29,229	30,234
Baiwang Jinkong	Non-trade	20,000	13,500	–	–
Baiwangyun Technology	Non-trade	2,150	1,438	–	4,354
Baiwang Huiyan	Non-trade	1,632	–	–	–
Henan Baiwang Enterprise Service Digital Technology Co., Ltd.	Non-trade	–	–	–	3,615
Hangzhou Baiwangyun Technology Co., Ltd.	Non-trade	–	–	–	4,377
Others	Non-trade	–	–	171	275
Subtotal		50,817	45,735	29,400	42,855
Total		80,220	59,643	39,621	57,512

Notes:

- a. Balances of trade nature are unsecured and interest-free.
- b. Balances of non-trade nature are unsecured, interest-free and repayable on demand.

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Key management personnel compensation

The remuneration of Directors and other members of key management personnel during the Track Record Period was as follows:

	Year ended December 31,			Nine months ended	
	2020	2021	2022	September 30,	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and bonuses	10,618	14,287	10,120	7,682	7,585
Share-based payments	8,343	89,369	1,747	1,366	113,595
Welfare, medical and other benefits	671	1,405	977	833	921
Total	<u>19,632</u>	<u>105,061</u>	<u>12,844</u>	<u>9,881</u>	<u>122,101</u>

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.

43. RETIREMENT BENEFIT PLANS

The employees of the Group in PRC are members of a state-managed retirement benefit plan operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authorities to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions under the plan. The retirement benefits cost charged to profit or loss for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 amounted to RMB1,688,000, RMB23,120,000, RMB28,057,000, RMB20,600,000 (unaudited) and RMB27,588,000, respectively.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

During the Track Record Period and at the date of this report, the Company has direct and indirect interests in the following principal subsidiaries:

Name of subsidiaries/ consolidated affiliated entities	Place of incorporation/ registration/ operations	Paid up capital RMB'000	Proportion of ownership interest attributable to the Company				As at September 30, 2023 %	At the date of this report %	Principal activities
			As at December 31, 2020 %	2021 %	2022 %	2023 %			
Baiwang Jinkong	PRC	50,000	100	100	100	100	100	Investment holding and technology services	
Baiwang Enterprise Service	PRC	3,000	100	100	100	100	100	Software maintenance	
Baiwang Huiyan	PRC	50,000	100	100	100	100	100	Supply chain finance and financial technology cloud	

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Name of subsidiaries/ consolidated affiliated entities	Place of incorporation/ registration/ operations	Paid up capital <i>RMB’000</i>	Proportion of ownership interest attributable to the Company				As at September 30, 2023 %	At the date of this report %	Principal activities
			As at December 31,						
			2020 %	2021 %	2022 %				
Baiwangyun Technology	PRC	400	100	100	100	100	100	Investment holding and technology services	
Chongqing Zhishuiyun Technology Co., Ltd. (重慶智稅雲科技有限公司)	PRC	–	100	100	100	100	100	Software services	
Yiwu Zhiling Financial Training Co., Ltd. (義烏智領財務培訓有限公司)	PRC	–	100	100	N/A	N/A	N/A	Financial training services	
Tianjin Baifu Technology Center (Limited Partnership) (天津百福科技中心(有限合夥)) (“Tianjin Baifu”) (Note b)	PRC	–	50	50	50	N/A	N/A	Investment holding	
Baiwang Lutong New Infrastructure (Beijing) Technology Co., Ltd. (百望路通新基建(北京)技術有限公司) (“Lutong Xinjijian”) (Note c)	PRC	–	50	50	N/A	N/A	N/A	Investment holding	
Road Network (Beijing) Transportation Cloud Technology Co., Ltd. (路網(北京)交通雲科技有限公司) (Note d)	PRC	–	25	25	N/A	N/A	N/A	Software services	
Baiwang Maoyi (Suzhou) Software Co., Ltd. (百望貿宜(蘇州)軟件有限公司) (“Baiwang Maoyi”) (Note e)	PRC	–	N/A	85	85	85	85	Software services	
Anhui Zhishuiyun Information Technology Co., Ltd. (安徽智稅雲信息科技有限公司)	PRC	–	N/A	N/A	N/A	100	100	Software services	
Hangzhou Baiwangyun Technology Co., Ltd. (杭州百望雲科技有限公司)	PRC	–	N/A	N/A	N/A	100	100	Software services	
Henan Baiwang Enterprise Service Digital Technology Co., Ltd. (河南百望企服數字科技有限公司)	PRC	3,000	N/A	N/A	N/A	100	100	Software services	

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Notes:

- a) The English translation of the names is for reference only. The official names of these companies are in Chinese.
- b) On October 27, 2020, Tianjin Baifu was established with a registered capital of RMB400,000 by Baiwang Jinkong and Lutong (Beijing) Infrastructure Construction Development Co., Ltd (路通(北京)基礎設施建設發展有限公司) (“Lutong Beijing”), and each hold 50% shares of its registered capital. Baiwang Jinkong as the general partner substantially controls Tianjin Baifu. Tianjin Baifu was deregistered on April 14, 2023.
- c) On November 12, 2020, Lutong Xinjijian was established by Baiwang Jinkong, Lutong Beijing and Tianjin Baifu with each owns 40%, 40% and 20% shares of its registered capital. Lutong Xinjijian was deregistered on September 14, 2022.
- d) On November 17, 2020, Road Network (Beijing) Transportation Cloud Technology Co., Ltd. (路網(北京)交通雲科技有限公司) (“Jiaotongyun”) was established by Beijing Road Network Technology Co., Ltd. (北京路網科技有限公司) (“Beijing Luwang”), Academy of communications Sciences (Beijing) Transportation Technology Co., Ltd. (交科院(北京)交通技術有限公司) (“ACS”) and Lutong Xinjijian with each owns 35%, 16% and 49% shares of its registered capital. Due to the concerted action agreement, Beijing Luwang and ACS shall act in concert with Lutong Xinjijian. Jiaotongyun became the subsidiary of the Company accordingly. Jiaotongyun was deregistered on August 25, 2022.
- e) On June 4, 2021, the Group acquired 85% equity interest of Baiwang Maoyi at the consideration of RMB1 from a third party.

All companies comprising the Group have adopted December 31, as their financial year end date. No audited financial statements of the Group have been prepared for the years ended December 31, 2020, 2021 and 2022 since there are no statutory audit requirements in the jurisdictions.

45. SUBSEQUENT EVENTS

No significant event took place subsequent to September 30, 2023 and up to the date of this report.

46. SUBSEQUENT FINANCIAL STATEMENTS

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