瑞和数智
RUIHE DATA

瑞和数智科技控股有限公司
RUIHE DATA TECHNOLOGY HOLDINGS LIMITED

(FORMERLY KNOWN AS SUOXINDA HOLDINGS LIMITED 索信达控股有限公司)
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 3680

2023
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS	Mr. Xue Shouguang *(Chairman of the Board)* Ms. Zhao Yiqing Mr. Fei Xiang
NON-EXECUTIVE DIRECTORS	Dr. Wu Fu-Shea Mr. Wu Xiaohua Mr. Chen Zhenping
INDEPENDENT NON-EXECUTIVE DIRECTORS	Mr. Yang Haifeng Dr. Jin Yong Dr. Tian Yu
CHIEF EXECUTIVE OFFICER	Mr. Xue Shouguang
COMPANY SECRETARY	Ms. So Ka Man *(FCG, HKFCG(PE))*
AUTHORIZED REPRESENTATIVES	Ms. So Ka Man Mr. Fei Xiang
AUDIT COMMITTEE	Mr. Yang Haifeng *(Committee Chairman)* Dr. Jin Yong Dr. Tian Yu
REMUNERATION COMMITTEE	Mr. Yang Haifeng *(Committee Chairman)* Mr. Fei Xiang Dr. Tian Yu
NOMINATION COMMITTEE	Mr. Xue Shouguang *(Committee Chairman)* Mr. Yang Haifeng Dr. Jin Yong

Corporate Information

INDEPENDENT AUDITOR	**ZHONGHUI ANDA CPA Limited** Certified Public Accountants 23/F, Tower 2 Enterprise Square Five 38 Wang Chiu Road Kowloon Bay Hong Kong
HONG KONG LEGAL ADVISOR	**Jia Yuan Law Office** 7/F and 17/F No. 238 Des Voeux Road Central Sheung Wan Hong Kong
REGISTERED OFFICE	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1–1111 Cayman Islands
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1–1111 Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
PRINCIPAL BANKS	**China Construction Bank** **Shenzhen Jinsha Branch** Shop 137, 1st Floor KK ONE Mall Jingji Binhe Times Square No. 9289 Binhe Avenue Futian District, Shenzhen People's Republic of China
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WEBSITE	www.datamargin.com
STOCK CODE	3680

Financial Highlights

1. Revenue for the year ended 31 December 2023 (the "**Reporting Period**") of Ruihe Data Technology Holdings Limited (the "**Company**" or "**our Company**", together with its subsidiaries, the "**Group**" or "**our Group**") amounted to approximately RMB367,945,000, representing a decrease of approximately 2.4% or approximately RMB9,181,000 as compared with that of 2022. The Group has actively responded to the national strategy of "Data Economy", accelerated the development of new quality productivity, promoted the high-quality development of the Group's business, and adapted to the environmental changes in the new era. During the Reporting Period, the Group strategically adjusted its business direction and widened its new tracks, focusing on nationalized information technology construction, IT industry, data platform, AI big model, smart city construction and data financial engineering, aiming to provide end-to-end all-round solutions for data infrastructure, data storage, data processing, data use and analysis, data intelligence precision marketing for government and enterprise, banks, insurance, securities, energy, healthcare and other industries. As a result, the composition of revenue during the Reporting Period mainly changed as follows: (1) the Group expanded its sales of hardware and software and related services as an integrated service, resulting in an increase of revenue by approximately 85.7% or approximately RMB66,739,000 during the Reporting Period; For example, during the Reporting Period, the Group collaborated with a municipal state-owned big data company of a certain city and a leading provider of information technology infrastructure products in China to provide major national banks and other customers with a full range of solutions to promote the development and application of data assets in the financial sector, the construction of data platforms, the construction of smart cities, the innovative development of information technology applications and the building of localized information technology; (2) due to the impact of the macroeconomic and the increasing maturity of the information systems of large financial institutions, there was a tightening of IT and marketing budgets, resulting in a decrease of approximately 37.6% or approximately RMB100,574,000 in revenue from data solutions business, and a decrease of approximately 46.2% or approximately RMB14,598,000 in revenue from IT maintenance and support services; (3) the Group expanded into new business models, diversified its development through multiple directions and channels, and added a new commodities trading business during the Reporting Period, with related revenue of approximately RMB39,252,000, offsetting part of the decrease in revenue.

2. Gross profit for the Reporting Period amounted to approximately RMB47,127,000, representing a decrease of approximately 47.2% as compared with 2022. The decrease in gross profit was mainly due to the structural adjustment in the revenue composition in 2023, with an increased proportion of the sales of hardware and software and related services as an integrated service, which has a lower gross profit margin than data solutions business, resulting in the decrease in gross profit during the Reporting Period.

   Gross profit margin for the Reporting Period was approximately 12.8%, representing a decrease of approximately 10.9% as compared with 2022 (2022: approximately 23.7%). The decrease in gross profit margin was mainly due to lower gross profit from the sales of hardware and software and related services as an integrated service, which carries higher proportion of revenue.

3. The average monthly labor cost from January to September 2023 was approximately RMB16.88 million, and the average monthly labor cost from October to December 2023 was approximately RMB12.00 million, representing a sequential reduction of 29% and a significant decrease in operating costs. Basic and diluted loss per share was RMB30.9 cents in 2022 and RMB18.8 cents in the Reporting Period, representing a 39% year-on-year decrease in basic and diluted loss per share, narrowing the loss and showing a clear upward trend.

4. Net loss for the Reporting Period amounted to approximately RMB109,009,000 representing a decrease of approximately 12.1% as compared with 2022 (2022: net loss of approximately RMB124,022,000) with a decrease of loss margin year-on-year. The loss for the Reporting Period was mainly due to:

   1) impacted by the macro-economy, IT business adjustment of large financial institutions and tightening of marketing budgets;

   2) the adjustment in revenue structure in 2023 and increase in proportion of sales of hardware and software and related services as an integrated service with lower gross profit;

   3) provision for impairment of financial and contract assets of our Group of approximately RMB27,269,000 based on prudent consideration;

   4) impairment of fixed assets, intangible assets and right-of-use assets of approximately RMB17,800,000 due to business strategy adjustment; and

   5) finance costs of approximately RMB7,712,000.

In February 2023, Shenzhen Suoxinda Data Technology Co., Ltd.*(深圳索信達數據技術有限公司) ("**Suoxinda Shenzhen**"), an indirect wholly-owned subsidiary of our Company, successfully passed the CMMI (Capability Maturity Model Integration) Level 5 certification, which is the highest level in the CMMI model, marking that our Company's software development process has reached the highest global standard, and it can provide high-quality products or services with global competitiveness.

In February 2023, our Company announced that it became one of the first batch of ecological partners of Baidu's "ERNIE Bot", fully experiencing and accessing the capability of ERNIE Bot through Baidu Cloud Intelligence, which signified that our Company would be given priority in obtaining the support of leading AI technology, promoting the practical application of conversational language modeling technology in more financial scenes in the PRC.

In March 2023, after evaluation by a third-party credit service institution, Suoxinda Shenzhen was awarded the AAA-level Enterprise Credit Rating Certificate (AAA level is the highest enterprise credit rating in the PRC), marking that Suoxinda Shenzhen has gained the highest recognition in terms of credit records, operating conditions, development prospects, social reputation, public recognition, etc.

Milestones in 2023

In July 2023, our Company announced that Mr. Xue Shouguang was appointed as the chairman of the Board, an executive Director and the CEO; Ms. Zhao Yiqing was appointed as an executive Director; Mr. Fei Xiang was appointed as an independent non-executive Director.

In July 2023, our Company was selected into the "2023 China's Top 100 Fintech Enterprises (2023中國金融科技百強企業)" list by Zhongguancun Internet Finance Institute. The list analyzes and evaluates FinTech enterprises in 10 dimensions, including technological innovation, technical output capability and market influence, and finally recognizes 100 enterprises with strong competitiveness, high capital market recognition and representativeness in China's FinTech fields.

In July 2023, the " Unified Intelligent Marketing Center Project Based on Data Center Modeling Capabilities (基於數據中台模型能力的統一智慧營銷中台建設項目) " jointly declared by Suoxinda Shenzhen and China Merchants Securities was awarded "China's Best Big Data Project (Asset Management) (中國最佳大數據項目(資管類) " by The Asian Banker.

In August 2023, IDC published the report "China Banking IT Solutions Market Share". Our Company was ranked first in terms of market share in "intelligent marketing solutions market", and continued to lead the intelligent marketing solutions market in the banking sector.

In August 2023, our Company was listed in the "2023 IDC China FinTech Top 50" for the third consecutive year.

In September 2023, the " White Paper on Building Data Capability Systems for Regional Banks (《區域銀行數據能力體系建設白皮書》)" prepared by Suoxinda Shenzhen, together with Huawei, Beijing FinTech Industry Alliance, bank customers and partners was officially released, sharing their own technical achievements and practical experience in intelligent marketing, big data solutions, etc., providing reference value for the digital transformation of regional banks.

In September 2023, our Company's Shenzhen headquarter was relocated to the Skyworth Semiconductor Design Building in Nanshan Science and Technology Park. This relocation is of great significance, as it is at a key point in our Company's development process.

In September 2023, our Company commenced the reform of the partner division by adopting the Amoeba Operating Model (阿米巴經營模式), aiming to optimize the combination of our Company's business functions, fully implement the main responsibilities for business management and development, realize all-staff operation, reduce costs and increase efficiency, and enhance our Company's flexibility and competitiveness.

In October 2023, the Company appeared at the 2023 Hangzhou Yunqi Conference, and exhibited the "Link-C Intelligent Marketing Platform" and the "Lingmou Label Portrait Platform" and other star products, attracting wide attention from enterprise users and financial institutions.

In November 2023, Suoxinda Shenzhen was awarded the honor of a specialised, high-end and innovation-driven "little giant" enterprise by the Ministry of Industry and Information Technology of the People's Republic of China. The specialised, high-end and innovation-driven "little giant" enterprise is the leader in the "specialized and special new" small and medium-sized enterprises, and it is a leading enterprise focusing on market segments, strong innovation ability, high market share, mastering key core technologies, and excellent quality and efficiency.

In November 2023, Suoxinda Shenzhen, an indirect wholly-owned subsidiary of the Company signed a strategic cooperation agreement with Quanzhou Big Data Operation Service Co., Ltd. (泉州大數據運營服務有限公司) ("**Quanzhou Big Data Operation Company**") to jointly explore all-round cooperation in the fields of big data industry, data scenario construction, and smart city construction, and jointly promote the construction of Quanzhou smart city.

In November 2023, the Company officially changed its name to "Ruihe Data Technology Holdings Limited". The board of directors believes that the new name more clearly reflects the Company's core technology, strategic positioning and long-term business development direction, giving more business connotation and greater development space.

In December 2023, Suoxinda Shenzhen and PowerLeader Computer System CO., LTD.* (寶德計算機系統股份有限公司) ("**PowerLeader Computer**") jointly signed a strategic cooperation agreement. Suoxinda Shenzhen will act as the general agent of the financial industry of Powerleader Computer. The two parties will conduct in-depth cooperation in the fields of joint development of the IT industry and server promotion., and jointly strive to promote the development of the national information technology industry and the security of national big data.

Chairman's Statement

Dear investors,

Thank you for your continued trust, support, and attention. 2023 is a year of ongoing struggle and progress. During the year, we have witnessed the steady development of the China economy and experienced many major events in the digital economy. In 2023, China achieved steady economic growth, with GDP growth of 5.2%; with the explosive emergence of ChatGPT, artificial intelligence models have become popular all over the world; the governments and enterprises across the country are accelerating their transformation to digitalization, and the digital economy is ushering in a new upgrade.

2023 is a year of challenges and opportunities, a year of tough times, a year of innovation and breakthrough, and a year of continuous harvest growth. It is never easy to push ahead shouldering pressures, yet with the efforts of all of us, we have managed to achieve a steady recovery. In terms of customer cooperation, the Company continued to work with more than 80% of leading banks; in terms of results, revenue declined by 2.4% and net loss narrowed by 12.1%; in terms of market performance, the Company ranked the " IDC China FinTech Top 50" list for three consecutive years, and ranked first in the intelligent marketing solutions market set out in the Market Report on Chinese Banking IT Solutions published by IDC; in terms of corporate honours, the Company was also awarded the national title of specialized and new "little giant" (專精特新"小巨人") enterprise by the Ministry of Industry and Information technology.

In order to cope with challenges in 2023, the Group has planned prospectively while seeking breakthrough proactively and adjusting strategies and adopted a series of measures, including but not limited to, introducing new shareholders to start a new journey with brand new presence; change of company name with new brand to continue to cultivate the artificial intelligence sector based on big data, and inject more diversified nature of business into the Company and expand the room for further development; upgrading and optimization of team and improvement of flat management with the aim to continuously increase average efficiency by applying scientific performance assessment system and internal refined management; the Company has also actively established an open ecological cooperation system with partners to create multi-dimensional competitive advantages; leveraging the technological advantages of the Company's information technology and integrated pipeline resources, the Company actively expanded its smart city construction, digital transformation of governments and enterprises and integrated business and other new sectors to create new advantages and motivate new momentum in more industries.

Chairman's Statement

Looking ahead to 2024, risks and opportunities co-exist. According to the "Digital Economy: Leading New Quality Productivity and Creating New Economic Momentum (數字經濟：引領新質生產力，打造經濟新動能)" published by China Galaxy Securities Research Institute (中國銀河證券研究院), the domestic digital economy is expected to reach 71.6% of China's GDP in 2035, and will become the largest new driving force for economic development. Although it is expected that the global economy will continue to move forward in the direction of medium-to-low-speed growth, the elements, industry and application of new sectors of digital economy in China are developing rapidly. The digital transformation of the thousand's trades will continue to advance in depth, and the digital economy will grow rapidly and have ample prospects. The Group will adhere to its original aspiration, uphold long-term principles, and stick to the two major development directions of big data and artificial intelligence, and we seek progress in stability and uphold fundamental principle while breaking new ground in providing outstanding data intelligent and marketing technology products and services, so as to create value for its customers and generate returns for investors and contribute to the economic development of China.

Xue Shouguang
Chairman of the Board

Business Review and Prospects

The Group initiated a senior management team renewal in July 2023. After six months of internal operational restructuring and the implementation of the Amoeba Business Unit Management Model, the Group achieved significant cost reduction and efficiency improvement. Overall operating losses narrowed significantly from the second half of the year onwards, resulting in a strong recovery and demonstrating strong vitality and resilience. The significant improvement in various indicators at the operating level represents the effectiveness of the optimization and restructuring of the Company and its business structure, which has further strengthened its foundation and solidified its core fundamentals. Phase-by-phase organizational restructuring and business expansion achieved results.

During the Reporting Period, in the face of the global macro-economy and the complex and volatile situation and challenges both at home and abroad, the Group, as a leading AI data and marketing technology company, has been deeply engaged in the AI big data industry and finally ushered in the wave of AI big data development. In response to the national development strategy of "digital economy", the Group, as a leading AI big data and artificial intelligence solution provider in China, possesses the advantages of data integration, data governance, digital warehouse management, data intelligent precision marketing, AI big model, omni-channel resources and integration of big data industry platforms, etc. The Group will fully utilize its own big data and marketing technology to meet the challenges of the ever-changing situation. The Group will give full play to its advantages in big data and artificial intelligence technology, actively explore the prospect of data assets in the table, the IT industry, nationalized information technology construction, the construction of smart cities, the innovative application of financial AI big models, expand the application business model of data elements in more industries, enhance the promotion of the application of big data in governmental and enterprise, financial institutions and Internet systems, promote the construction of information technology and the development of big terminal industry, and empowering the innovative application of emerging technologies such as AI big data, strengthening the in-depth cooperation with ecological chain enterprises, and thus enhancing the Group's technological core competitive advantages.

At present, the main products of the Group are: marketing core ("Lingxi" intelligent marketing platform, "Lingmou" labeling and imaging platform) and data core ("Lingrui" data cloud service platform, Lingju panoramic regulatory compliance platform, "Lingji" distributed database). Currently, the Group is continuously updating and developing new products.

During the Reporting Period, the Group obtained the qualification of "Small Giant" enterprise at the national level of specialization, was certified as the No. 1 in the market of intelligent marketing solutions for the banking industry by IDC, a world-renowned data company; passed the highest level of qualification in the global software industry, CMMI Level 5; and has accumulated 40 invention patents and 148 software copyrights.

Business Review and Prospects

The Group is deeply engaged in the strategic fields of government and enterprise, finance, energy, healthcare, retail, and telecommunication operators, and is actively laying out and expanding new tracks. We adhere to the service concept of creating value for our customers and create more incremental performance gains for our customers through our technology products. We will continue to enhance customer satisfaction with our superior products and services. The Group continues to introduce quality partners, and through the cooperation of existing eco-partner resources, such as Ali Cloud, Huawei Cloud, Baidu Cloud, ByteDance and other internet giants, we provide our customers with data assets into the table technology solutions, AI big data analysis, artificial intelligence and digital marketing domestic alternative products, solutions, consulting services and business incremental services, and at the same time, open up new fields and new tracks, and make every effort to serve our customers, striving to gradually realize the grand blueprint and committing to become a new benchmark in the global AI big data industry. The Group will strive to create greater value for our customers and shareholders by enhancing operational efficiency through continuous cost reduction and efficiency enhancement, as well as maintaining its technological edge through continuous exploration and research and development.

Management Discussion and Analysis

I. ANALYSIS ON INDUSTRY BACKGROUND

In 2023, the Chinese economy experienced a slowdown in growth, but the fundamental aspect of "economic recovery and improvement" remained unchanged. Compared with the previous year, China's GDP increased by 5.2%, which is higher than the projected global growth rate of about 3%, ranking a leading position among world's major economies. China is an important engine of world economic growth. The economic growth fully reflects the resilience and vitality of China's economy.

At present, China is in a critical period of economic recovery and industrial transformation and upgrading. The digital economy is crucial for the high-quality development of China's economy in the future. Digital economy has formed a new growth point through digital industrialization and industrial digitization. As the "new productive force" in the transformation of digital economy, data elements play a pivotal role in promoting the development of thousands of industries. Fully exploring the maximum value of data assets and forming a good ecological environment for the commercialization of data assets will help promote the take-off of China's economy.

First, the role of digital economy in the development of financial industry is becoming increasingly prominent. "No technology, no finance" means that technology and digital applications have become the key to the future of the financial industry. According to the statistics of the annual reports published by commercial banks in 2023, six state-owned banks only invested RMB116.549 billion in financial technology in 2022, representing an increase of 8.4% year-on-year, and the average investment of each state-owned bank was RMB19.425 billion. According to the statistics of the China Banking Association, small and medium-sized banks have also maintained a continuous growth trend in technology investment.

2023 is the first year of the big model of artificial intelligence. Artificial intelligence (AI) technology has developed rapidly around the world and penetrated into all industries. The generative artificial intelligence model effectively expands the boundaries of financial technology innovation and provides an unprecedented new productivity. With the further development of artificial intelligence and big data, the financial technology industry will accelerate its digital transformation. During the Reporting Period, Beijing, Shanghai, Shenzhen and other cities successively issued relevant policy documents to promote the development of the artificial intelligence industry, showing the government's support for the development of the artificial intelligence industry. These policy documents clearly propose to accelerate the construction and application of artificial intelligence scenarios.

From the perspective of industry policy, in 2023, the Chinese government provided greater policy support to the development of the data industry, the innovative application of artificial intelligence technology, digital-intelligent construction, and the development of information technology application innovation. At the same time, government regulatory authorities have also standardised and strictly monitored data security, data supervision and innovative application of AI technology to ensure the safety of the application of new technologies and guard against technology application risks.

Management Discussion and Analysis

In February 2023, the "Plan for the Overall Layout of Building a Digital China" issued by the Central Committee of the Communist Party of China and the State Council of the PRC have provided long-term goals for the development of our country's digital economy in terms of digital infrastructure, data elements, platform economy and digital technology. It is pointed out that the building of a digital China is an important engine for promoting Chinese style modernization in the digital era, and a strong support for building a new advantage in national competition. In August 2023, the "Interim Provisions on Accounting Treatment Relating to Enterprises' Data Resources" was issued by the Ministry of Finance. Since then, data resources have been regarded as an asset and included in the financial statements, and data assets have also been upgraded to a national strategic level. Inclusion of data assets into the financial statements will have a huge impact on our country's economy as a whole. In the future, it is expected that nearly RMB100 trillion of data assets will be released, and inclusion of data assets into the financial statements will also bring unlimited business opportunities to data service providers.

In October 2023, the National Data Bureau managed by the China National Development and Reform Commission was officially inaugurated, which is responsible for coordinating and promoting the construction of the fundamental data system, coordinating and planning data resource integration for sharing, development and use, as well as coordinating the planning and construction of digital China, the digital economy, and the digital society. This fully reflects the importance attached by the national decision-making level to data as a general tool for economic and social development, which will further accelerate the construction of a unified national and global-oriented data market and promote the accelerated development of the digital economy.

Pursuant to the "14th Five-Year Plan for Development of the Digital Economy", the target is that by 2025, the added value of core industries of digital economy will account for 10% of the GDP. On this basis, it is predicted that the proportion of core industries of digital economy will rise to 13.1% by 2035. The Central Economic Work Conference in December 2023 proposed that the first priority of the key tasks for 2024 was "leading the construction of a modern industrial system by scientific and technological innovation", among which the digital economy ranked first, emphasizing that "we must vigorously promote new industrialization, develop digital economy, and accelerate the development of artificial intelligence", "extensively apply digital intelligence technology and accelerate the transformation and upgrading of traditional industries" etc. Compared with the Central Economic Work Conferences in the last five years, the Central Government has paid more and more attention to the development of digital economy.

We believe the release of the potential value of digital economy will be a non-linear, exponential growth curve as the AI value turning point arrives. As the "No. 1 Financial AI Stock in Hong Kong Stock Market", the Group's main business is to provide domestic alternative products, solutions and consulting services in the fields of big data, AI and digital marketing for customers such as banks, insurance, securities, enterprises and governments. Under the support of national policies and the general trend of industry development, we believe that the development of industries which are highly relevant to the Group's business, such as the digital economy, will bring noticeable support to the Company's performance in future.

Management Discussion and Analysis

II. BUSINESS REVIEW FOR 2023

1. Continued to focus on cultivating our competitive advantages and maintaining our leadership in the intelligent marketing solutions market

The Group has been committed and dedicated in the financial sector, with AI big data and digital transformation as its core businesses, surrounding the independent innovation of information technology and empowering digital transformation of the industry, we gave full play to its technological advantages in data intelligence and marketing technology to deeply empower its clients in business scenarios such as customer analysis and insight, refined customer segment operation and intelligent marketing system construction. In the field of data business, the Group has entered into cooperation with a number of financial institutions to help clients, among other things, to carry out data governance, improve the regulatory reporting system, optimise data asset management, and provide good support for data application. This has helped banking institutions to extract value from data and empower their digital transformation of the industry.

In June 2023, the Group successfully provided an integrated data center and data model construction project for a provincial city business alliance, representing a key step forward for the Company in its centralized business capability.

In June 2023, IDC, an authoritative global IT market research and consulting agency released the report of "Market Share of Chinese Banking Industry IT Solutions 2022: Deepening Competition and Resilient Growth (中國銀行業IT解決方案市場份額，2022：競爭深化，韌性成長)". The Group ranked first in terms of market share in "Intelligent Marketing Solutions Market" with absolute advantages and continued to take lead in the intelligent marketing solutions market.

2. Achieved positive results by focusing on top-tier banks and implementing targeted strategies

The Group adhered to the service philosophy of "customer centric, continuously creating value for customers", focusing on existing customers through vertical and horizontal directions of market development strategy, intensively cultivating top-tier banks and widening and deepening the work in top-tier financial institutions; expanded incremental customers, opened up new fields and scenarios, and has formed a market landscape with diversified customers and scenarios and nationwide coverage. The Company has provided services to four major state-owned banks and 11 national joint-stock banks, with a top-tier banks coverage ratio of more than 80% and has maintained stable contract renewals with major customers.

In 2023, the Group continued to expand its market share in the financial sector. In 2023, a new large state-owned bank customer was added and we provided this bank with data application support service projects, including the evaluation, consultation and implementation relevant to data application support in terms of data management, data standardization, data security, data maintenance, data service and data analysis application; won the bid for a data analysis and modeling project of a large state-owned bank, strengthening data analysis and modeling capabilities to empower marketing and operation; won the bid for a top-tier joint-stock bank to facilitate the construction of a digital operation platform for wealth management; won the bid for a retail business digital intelligent marketing project of a national joint-stock bank, strengthening data analysis and mining capabilities; won the bid for a data asset knowledge graph project of a national joint-stock bank, optimizing the visualization of data assets.

3. Integrating resources in a multi-faceted way and expanding new tracks

In recent years, while maintaining existing customers of financial institutions such as banks, securities and funds, leveraging on its rich experience and various successful cases in the fields of artificial intelligence and big data, the Group has seized industrial opportunities of digital transformation in the whole industry through the integration and utilization of resources, provided digital transformation solutions to government and enterprises, manufacturing, energy, healthcare and other industries, opened up new fields and tracks of digital economy, and continuously expanded its business boundaries, with a view to achieving stability and advancement in the increasingly fierce competition.

In November 2023, the Group entered into a strategic cooperation agreement with Quanzhou Big Data Operation Company to jointly explore all-round cooperation in the fields of big data industry, data scenario construction and smart city construction, jointly promoting smart city construction for Quanzhou.

Management Discussion and Analysis

In December 2023, the Group entered into a strategic cooperation agreement with PowerLeader Computer officially. Based on the principles of complementary advantages and mutual empowerment, the two parties pushed forward the cooperation in the fields of smart city, big data information technology, inclusion of government data asset into the financial statement, localized software and hardware solutions etc., explored and expanded more business innovation models for industry big data application, jointly injecting strong momentum into the development of our country's data security strategy and the construction of big data information technology.

At the beginning of 2024, the Group and four companies, namely Quanzhou Big Data Operation Company, Advantage Financial Holdings (Shanghai) Asset Management Co., Ltd. (優勢金控(上海)資產管理有限公司), Quanzhou Licheng Cultural & Tourism Investment Group Co., Ltd. (泉州鯉城文旅投資集團有限公司) and Beijing eGOVA Co., Ltd. (北京數字政通科技股份有限公司) jointly invested RMB100 million to establish a new partnership, making full use of various policy resources and market resources and working together to promote smart city construction, inclusion of data asset into financial statement, the innovative development of information technology applications and localized information technology construction.

4. Continued to improve the ability of independent innovation and master the independent intellectual property rights of core technologies

The Group is committed to independent research and development and technology innovation. As of 31 December 2023, the Group has obtained 148 computer software copyright certificates and 40 invention patents in total, respectively. Among them, 12 new computer software copyright certificates and 6 new invention patents were added during the Reporting Period. During the Reporting Period, the Group successfully passed the Level 5 CMMI certification, indicating that the Group's software development process has reached the highest global standard and it is capable of delivering high-quality products and services that are globally competitive.

In 2023, the Group adhered to independent innovation, maintained its competitive advantage, and continued to update its signature products such as intelligent marketing, label portraits, regulatory compliance and big data application to strive for excellence; completed the three-party certification of "Lingmou Label Portrait Platform", "Spiritual Matrix-Data Management and Control and Service Platform (靈矩-數據管控及服務平台)" with Kylin Operation System, Nanda General Database (南大通用數據庫) and other platforms, and continuously improved and optimized product functions and user experience to meet customer needs; in the Huawei Kunpeng Application Innovation Competition (華為鯤鵬應用創新大賽), Lingmou Label Portrait Platform won the award of "Best Practice in the Industry (行業最佳實踐獎)"; "Lingrui Data Asset Management Solutions (靈睿數據資產管理解決方案) won the "2023 Financial Data Intelligence Solution Awards (二零二三鑫智獎)" for Innovative Excellent Solutions to Data Governance and Data Platform (數據治理與數據平台創新優秀解決方案); "Customer Label Management Software" and "Real-time Marketing Campaign Planning Platform" were accredited by the Beijing Municipal New Technology & New Product (Service) Certification; the "Unified Intelligent Marketing Center Construction Project Based on Data Center Model Capability (基於數據中台模型能力的統一智能營銷中台建設項目)" jointly submitted by the Group and China Merchants Securities won the prize of "Best Big Data Project of PRC (中國最佳大數據項目)".

Meanwhile, the Group actively participated in the construction of standard system for industry technology and became a participating enterprise in the Data Asset Catalogue Management Platform of China Academy of Information and Communications Technology (CAICT), dedicated to promoting the standardization of industry technology; together with Huawei, we have published a White Paper on Building a Data Capability System for Regional Banks (《區域銀行數據能力體系建設白皮書》), providing reference for digital transformation of reginal banks.

5. Actively build an open ecological cooperation system

The Group is actively building an open ecological cooperation system. Together with partners such as Huawei, Alibaba Cloud and Baidu, we are building multidimensional competitive advantage, opening up new battlefield and activating new momentum.

In February 2023, the Group became one of the first batch of ecological partners of Baidu's "ERNIE Bot", fully experiencing and accessing the capability of ERNIE Bot through Baidu AI Cloud, and conducted deep cooperation with Baidu in various fields such as product research and development, standard-setting to create full-scenario artificial intelligence solutions and services in finance.

In June 2023, the Group and Huawei jointly released an Intelligent Marketing Labelling Platform Solution, which can provide customers in the financial industry with a full stack of independent and controllable software and hardware for labelling data asset management service.

Management Discussion and Analysis

In September 2023, the White Paper on Building a Data Capability System for Regional Banks prepared by the Group and Huawei, Beijing Fintech Industry Alliance was officially released, sharing its technology outcome and experience in implementation in the fields of intelligent marketing and big data solutions and providing reference value for regional banks' digital transformation.

In January 2024, as a member of Financial Vanguard Alliance, the Group and Alibaba Cloud jointly launched an Intelligent Marketing Joint Solution which has integrated the Group's six independent product modules to provide end to end holistic solutions to financial customers.

6. Optimize organizational structure and strengthen refined management

The Group adheres to the market-oriented and customer-centric approach, continuously optimizes and adjusts the Company's organizational structure and operation system, strengthens the construction of refined management capability and level, consolidates internal management, optimizes work processes, improves operational management efficiency, and promotes business innovation and synergetic development.

In September 2023, the Group launched Divisional System, aiming to optimize the Company's business function, fully implement main responsibilities of business management and development, achieve full-staff management and improve the Company's flexibility and competitiveness.

7. Brand renewal, and diversified marketing to drive sales growth

The Group insists on placing brand building in a prominent position in corporate strategic development, and attaches great importance to the coordinated advancement and mutual promotion of the Company's hard power and soft power. By holding a live broadcast conference of online technology sharing and attending 2023 Apsara Conference, the 17th Shenzhen FINEXPO, 2023 China Digital Intelligence Ecosystem Conference, etc., we fully utilized mediums such as internet, newspaper and new media, publicized the Group's brand in multiple way, broad perspective and deep level, continuously promoted brand awareness and reputation, established good market reputation and continuously elevated added value of corporate brand and brand competitiveness.

On 27 October 2023, the Company officially changed its name to "Ruihe Data Technology Holdings Limited". The new name more clearly reflects the core technology, strategic positioning and long-term business development direction of the enterprise, gives more meaning in business and greater development space, better demonstrates the Group's strength and characteristics in the field of data intelligence.

8. Further optimize the shareholding structure, enhance the level of corporate governance and broaden the Company's financing channels

On 15 January 2023, the Company (as issuer) entered into the subscription agreements with no less than 6 subscribers, pursuant to which the Company has conditionally agreed to issue, and the subscribers conditionally agreed to subscribe for an aggregate of 50,800,000 subscription shares at the subscription price of HK$0.645 per subscription share, which represents (i) approximately 10.88% of the total issued share capital of the Company as at the date of the said subscription agreements; and (ii) approximately 9.81% of the total issued share capital of the Company as enlarged by the allotment and issue of the subscription shares. The total subscription price amounted to HK$32,766,000. The subscriptions were completed on 22 February 2023. The aforesaid net proceeds from the Subscriptions are intended to be used for working capital and general corporate purposes. As at 31 December 2023, the net proceeds have been fully used as intended.

On 19 March 2023, the Company (as issuer) entered into the subscription agreements with no less than 6 subscribers, pursuant to which the Company has conditionally agreed to issue, and the subscribers conditionally agreed to subscribe for an aggregate of 175,500,000 subscription shares at the subscription price of HK$0.76 per subscription share under specific mandate. The subscription shares represent approximately 33.89% of the existing issued share capital of the Company as at the date of the said subscription agreements and approximately 25.31% of the issued share capital of the Company as enlarged by the issue of the subscription shares. The total subscription price amounted to HK$133,380,000. The Company intended to utilise the aforesaid net proceeds from the subscriptions for working capital and general corporate purposes. As at 31 December 2023, the net proceeds have been fully used as intended.

The aforesaid financing has enhanced the Group's financial position, broadened the Company's shareholder and capital bases, and provided more capital support for business development.

In July 2023, the Group announced the appointment of Mr. Xue Shouguang as the Chairman of the Board, an executive Director and the Chief Executive Officer; the appointment of Ms. Zhao Yiqing as an executive Director; and the appointment of Mr. Fei Xiang as an independent non-executive Director. The Group made timely strategic adjustment to further optimize the Company's shareholding structure and governance structure and enhance the Group's governance level.

Management Discussion and Analysis

III. FINANCIAL REVIEW

1. Revenue

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue		
– Data solutions	**167,015**	267,589
– Sales of hardware and software and related services as an integrated service	**144,653**	77,914
– Information technology (IT) maintenance and support services	**17,025**	31,623
– Trading of commodities	**39,252**	–
	367,945	377,126

Revenue for the Reporting Period amounted to approximately RMB367,945,000, representing a decrease of approximately 2.4% or approximately RMB9,181,000 as compared with that of 2022. During the Reporting Period, the Group strategically adjusted its business direction and widened its new tracks, focusing on nationalized information technology construction, IT industry, data platform, AI big model, smart city construction and data financial engineering, aiming to provide end-to-end all-round solutions for data infrastructure, data storage, data processing, data use and analysis, data intelligence precision marketing for government and enterprise, banks, insurance, securities, energy, healthcare and other industries. As a result, the composition of revenue during the Reporting Period mainly changed as follows: (1) the Group expanded its sales of hardware and software and related services as an integrated service, resulting in an increase of revenue by approximately 85.7% or approximately RMB66,739,000 during the Reporting Period; For example, during the Reporting Period, the Group collaborated with a municipal state-owned big data company of a certain city and a leading provider of information technology infrastructure products in China to provide major national banks and other customers with a full range of solutions to promote the development and application of data assets in the financial sector, the construction of data platforms, the construction of smart cities, the innovative development of information technology applications and the building of localized information technology; (2) due to the impact of the macroeconomic and the increasing maturity of the information systems of large financial institutions, there was a tightening of IT and marketing budgets, resulting in a decrease of approximately 37.6% or approximately RMB100,574,000 in revenue from data solutions business, and a decrease of approximately 46.2% or approximately RMB14,598,000 in revenue from IT maintenance and support services; (3) the Group expanded into new business models, diversified its development through multiple directions and channels, and added a new commodities trading business during the Reporting Period, with related revenue of approximately RMB39,252,000, offsetting part of the decrease in revenue.

2. Gross profit and gross profit margin

Gross profit for the Reporting Period amounted to approximately RMB47,127,000, representing a decrease of approximately 47.2% as compared with 2022. The decrease in gross profit was mainly due to the structural adjustment in the revenue composition in 2023, with an increased proportion of comprehensive services involving sales of hardware and software and related services which has a lower gross profit margin than data solutions business, resulting in the decrease in gross profit during the Reporting Period.

Gross profit margin for the Reporting Period was approximately 12.8%, representing a decrease of approximately 10.9% as compared with 2022 (2022: approximately 23.7%). The decrease in gross profit margin was mainly due to lower gross profit from the sales of hardware and software and related services as an integrated service which carries higher proportion of revenue.

3. Selling expenses

For the Reporting Period, we recorded selling expenses of approximately RMB19,584,000, representing a decrease of approximately 21.1% or approximately RMB5,238,000 as compared with 2022. Selling expenses accounted for approximately 5.3% of our revenue for the year (2022: approximately 6.6%). The decrease in selling expenses was mainly due to the optimisation of the sales and pre-sales team, resulting in a decrease in related staff costs of approximately 26.6% or approximately RMB4,893,000 as compared with 2022.

4. Research and development expenses

During the Reporting Period, we recorded R&D expenses of approximately RMB33,238,000, representing a decrease of approximately 16% or approximately RMB6,342,000 as compared with 2022 and accounting for approximately 9.0% of the revenue for the Reporting Period (2022: approximately 10.5%). The decrease in R&D expenses was mainly due to: (1) as our Group's products developed previously had become increasingly mature and the focus was shifted to the promotion and application of the products to achieve continuous refinement during the application process, resulting in a decrease in staff costs for the R&D team of approximately 28.8% or approximately RMB7,024,000 as compared with 2022; and (2) depreciation and amortisation increased by approximately 18.0% or approximately RMB1,879,000 as compared with 2022, partially offsetting the decrease.

5. Administrative expenses

During the Reporting Period, we recorded administrative expenses of approximately RMB55,597,000, representing an decrease of approximately 44.2% or approximately RMB44,009,000 as compared with 2022. The decrease in administrative expenses was mainly due to: (1) the decrease in expenses related to share-based payments of approximately 113.2% or approximately RMB23,237,000 arising from the previous grant of share options and awarded shares as compared with 2022; (2) the optimisation of the administrative management team, resulting in a decrease in related staff costs of approximately 29.7% or approximately RMB11,450,000 as compared with 2022; (3) the decrease in legal and professional service fees of approximately 52.1% or approximately RMB4,716,000 as compared with 2022; and (4) a decrease in depreciation of office premise rental right-of-use assets of approximately 56.2% or approximately RMB4,668,000 as compared with 2022.

6. Income tax expenses

During the Reporting Period, we recorded income tax credit of approximately RMB2,170,000 (2022: tax credit of approximately RMB5,487,000). Such change was mainly due to the decrease in deferred tax credit recognised for decelerated tax depreciation and expected credit losses in financial and contract assets.

7. Net loss for the year

Net loss for the Reporting Period amounted to approximately RMB109,009,000, representing a decrease of approximately 12.1% as compared with 2022 (2022: net loss of approximately RMB124,022,000) with a decrease of loss margin year-on-year.

The loss for the Reporting Period was mainly due to:

1) impacted by the macro-economy, IT business adjustment of large financial institutions and tightening of marketing budgets;

2) the adjustment in revenue structure in 2023 and increase in proportion of sales of hardware and software and related services as an integrated service with lower gross profit;

3) provision for impairment of financial and contract assets of our Group of approximately RMB27,269,000 based on prudent consideration;

4) impairment of fixed assets, intangible assets and right-of-use assets of approximately RMB17,800,000 due to business strategy adjustment; and

5) finance costs of approximately RMB7,712,000.

8. Loss for the year attributable to owners of our Company

For the Reporting Period, loss for the year attributable to owners of our Company was approximately RMB109,233,000 (2022: loss attributable to owners of our Company of approximately RMB128,192,000). Such change was mainly due to the decrease in the net loss for the Reporting Period as mentioned above.

9. Loss per share

Basic and diluted loss per share of our Company for the Reporting Period amounted to approximately RMB18.8 cents. Basic and diluted loss per share for 2022 amounted to approximately RMB30.9 cents.

10. Liquidity and financial resources: Summary of cash flow and notes

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	**(38,369)**	(21,306)
Net cash inflow/(outflow) from investing activities	**(8,740)**	(51,797)
Net cash inflow/(outflow) from financing activities	**147,646**	65,273

The balance of our Group's cash and cash equivalents as at 31 December 2023 was approximately RMB113,257,000, representing an increase of approximately RMB98,146,000 as compared with the balance of cash and cash equivalents as at 31 December 2022.

A. Operating activities

The net cash used in operating activities of our Group during the Reporting Period amounted to approximately RMB38,369,000, representing an increase of approximately RMB17,063,000 as compared with the amount of net cash used in operating activities in 2022, mainly due to the decrease in gross profit during the Reporting Period.

B. Investing activities

The net cash used in investing activities of our Group for the Reporting Period was approximately RMB8,740,000, representing a decrease of approximately RMB43,057,000 as compared with the net cash used in investing activities in 2022, mainly due to (1) purchase of intangible assets of RMB15,068,000, representing a decrease of approximately 62.8% or approximately RMB25,473,000 as compared to 2022; and (2) repayments of advances to associates of RMB6,130,000, representing a decrease of 167.1% or approximately RMB15,260,000 as compared to 2022.

C. Financing activities

The net cash generated from financing activities of our Group for the Reporting Period was approximately RMB147,646,000. The major channels for the cash generated from financing activities were mainly: (1) the financing by the issuance of shares; (2) the Group obtaining financing from banks and other financial institutions; (3) amount generated from other borrowings.

D. Capital expenditure

Our Group did not incur capital expenditure during the Reporting Period.

11. Capital structure

Bank and other borrowings

As at 31 December 2023, our short-term bank borrowings were approximately RMB74,728,000, other borrowings were approximately RMB101,464,000.

Debt securities

As at 31 December 2023, the Group did not have any debt securities.

Contingent liabilities

As at 31 December 2023, our Group had no major contingent liabilities or guarantees.

Treasury policy

Our Group has adopted a prudent financial management approach for our treasury policy. The Board closely monitors our Group's liquidity position to ensure that the liquidity structure of our assets, liabilities, and other commitments can meet our funding needs all the time.

Gearing ratio

The gearing ratio of our Group as at 31 December 2023 was approximately 150.2% (2022: approximately 143.6%). The increase in gearing ratio was mainly due to an increase in bank and other borrowings of approximately RMB94,601,000 as compared with 2022. The gearing ratio is calculated by dividing the sum of bank and other borrowings, convertible borrowings and amounts due to Directors by our total equity as at the end of the Reporting Period.

12. Pledge of assets

As at 31 December 2023, our Group's bank borrowings were secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB5,000,000 as at 31 December 2023 (2022: RMB14,850,000);

(ii) building of the Group of approximately RMB Nil as at 31 December 2023 (2022: approximately RMB10,128,000);

(iii) pledged bank deposits of approximately RMB1,005,000 held at bank as at 31 December 2023 (2022: approximately RMB221,000);

(iv) trade receivables outstanding from certain specific customers of the Group of approximately RMB12,795,000 as at 31 December 2023 (2022: approximately RMB36,323,000);

(v) other deposits of the Group of RMB Nil as at 31 December 2023 (2022: RMB1,000,000);

(vi) property owned by a director of the Company (2022: Nil); and

(vii) Personal guarantees from Mr. Xue Shouguang ("**Mr. Xue**"), Mr. Chen Zhenping ("**Mr. Chen**"),and a legal representative of a subsidiary (2022: Mr. Song Hongtao (a precedent director of the Company), Mr. Wu Xiaohua ("**Mr. Wu**") and their spouses and a director of a subsidiary).

As at 31 December 2023, the Group's other borrowings are secured by:

(i) certain equipment of the Group of approximately RMB7,815,000 as at 31 December 2023 (2022: approximately RMB18,445,000); and

(ii) other deposits of the Group of RMB1,000,000 as at 31 December 2023 (2022: RMB1,000,000).

13. Capital commitments

As at 31 December 2023, our Group had no capital commitments.

14 Material acquisitions and disposals of subsidiaries, associated companies and joint ventures and significant investment

During the Reporting Period, as a result of strategic adjustments, the Group and two other shareholders of Shenzhen Shuxi Technology Co., Ltd. (深圳數希科技有限公司) ("**Shuxi Technology**") agreed to deregister Shuxi Technology, the Company's associated company. Prior to the deregistration, the Group held a 30% equity interest in Shuxi Technology.

On the other hand, during the Reporting Period, the Group also disposed 30% equity interest in Suoxinda (Shenzhen) Software Technology Co., Ltd. ("**Suoxinda Software**"), the Company's associated company. Prior to the disposal, the Group held 30% equity interest in Suoxinda Software.

Other than disclosed above, during the Reporting Period, the Group did not hold any significant investment, or had any other acquisitions and disposals of subsidiaries, associated companies and joint ventures.

15. Foreign exchange risk

As the majority of the Group's business transactions, assets and liabilities are denominated primarily in the functional currencies of our Group's entities, the Group is exposed to certain foreign currency risks. Our Group implemented effective management policies to closely monitor changes in foreign exchange rates and regularly review foreign exchange risks. Our Group will consider hedging significant foreign currency risk when necessary.

16. Future plans for material investments or capital assets

Our Group currently has no other plans for material investments or capital assets.

IV. OUTLOOK FOR 2024

With the nation's increased efforts to policy support for independent innovation in science and technology, the development of the ITAI Industry, smart city construction, data asset entry and digital-intelligent transformation, the domestic digital-intelligent transformation and upgrading, and the development of digital economy will remain in strong demand. Driven by the combination of IT architecture transformation, independent innovation, fintech technology upgrade, strict regulation and center construction, the market demand will continue to show robust growth, which will provide a solid foundation and a broad growth space for the high-quality development of the industry.

According to the forecast data of CCID Consulting, the overall IT investment in China's banking sector is expected to reach RMB513.234 billion by 2026, with an average compound annual growth rate ("**CAGR**") of 16.66% from 2022 to 2026. Among which, the market size of the banking IT solutions market in China will reach RMB139.011 billion, with a CAGR of 23.55% from 2022 to 2026. In the next three to five years, the intelligent marketing solutions market will show robust growth, and leading solution providers will gradually increase their innovation in intelligent marketing. The market is expected to reach RMB3.73 billion by 2026, with a CAGR of 30.9% from 2022 to 2026.

The Group has formed a unique competitive edge in the field of financial technology by virtue of its independent innovative technology capability, deep understanding of data intelligence application scenarios, rich experience accumulated through years of serving the financial industry, and leading all-rounded talent advantage. In the future, the Company will continue to seek development in the directions of market segment layout, new track expansion, independent technology research and development, and ecological cross-border cooperation to drive rapid business growth.

1. Continue to focus on the data intelligence and marketing technology markets to specialise and refine in the market segment

The Group will continue to focus on the data intelligence and marketing technology markets, and is committed to building the No. 1 brand in the market segment of financial intelligent marketing technology. The Group has accumulated extensive experience in product development, project implementation services and technology innovation in the field of data intelligence and marketing technology solutions, and has a complete set of integrated financial industry solutions, proven AI big data technology and professional delivery capabilities, as well as numerous successful cases.

2. Strengthen basic business and expand new track

The Group will be based in the fintech sector and target the entire industry. While maintaining continuous, stable and in-depth relationships with its recurring customers, the Group will actively expand customers across the industry to cultivate and build new performance growth points. Relying on strong technology research and development capabilities and extensive industry experience, the Group will launch more innovative, competitive and practical products and technology solutions to meet the diversified needs of the market and promote sustainable and stable growth of the Company's business.

With the deepening development of globalization and the continuous opening up of financial markets, overseas financial markets, especially those in Southeast Asia, have become an important growth curve for the performance of China's financial enterprises, and the Group will actively seek to expand its overseas markets and seek new performance growth points and market development space.

3. Adhere to independent innovation to maintain competitive advantage

The Group will continue to adhere to independent innovation, strengthen its technological capabilities in the field of data intelligence and marketing technology, optimize product design and research and development, continuing to promote data-driven business growth. The R&D department will focus on the development of solution products such as data analysis, data mining, intelligent marketing, etc., and actively commit to integrating artificial intelligence technology into products to achieve intelligent innovation; at the same time, it will enhance the construction of underlying data platforms, continue to iterate regulatory compliance products, so as to help the financial institutions to further enhance the regulatory data governance and construction capabilities and to cope with the challenges of strict regulation.

Meanwhile, the Group will actively participate in domestic technical exchanges, and strengthen the collaboration with ecological partners, universities and research institutions, to jointly promote the technological progress of the industry and enhance the overall technical strength of the Company. Through continuous innovation of key technologies, the combination of localized software and hardware technology solutions and further upgrading of product solutions and core technologies, we will continue to improve the maturity of our products and adaptability to multiple scenarios, and continue to provide competitive and quality products to the market and customers.

4. Strengthen ecological cooperation and deepen cross-border integration

The Group will actively seek cooperation with multi-field ecological partners, and build an ecosystem with upstream and downstream partners, so as to realize resource sharing and complement each other's advantages, optimise customer experience, enhance market competitiveness and achieve win-win development. At the same time, the Group will also actively build a big data industry platform with its partners to achieve information sharing, collaborative production and optimization of resource allocation, expand more strategic track layout and business areas, and achieve cross-border in-depth integration, so as to enhance its overall competitiveness.

Directors, Senior Management and Company Secretary

The biographical details of the Directors, senior management and company secretary of our Company are set out as follows:

Executive Directors

Mr. Xue Shouguang (薛守光), aged 53, has been appointed as our Chairman of the Board, an executive Director and our Chief Executive Officer since 18 July 2023. Mr. Xue is also a chairman of the Nomination Committee. He obtained a certificate of completion of the Training Class for Chairmen of Leading Enterprises and Groups (領跑企業與集團董事長研修班) from the Graduate School at Shenzhen, Tsinghua University (清華大學深圳研究生院) in October 2014, and a certificate of senior management education (高層管理教育證書) from Cheung Kong Graduate School of Business (長江商學院) in March 2018, majoring in executive management (總裁高級管理).

Mr. Xue is experienced in investing in industries such as artificial intelligence, mining and energy, automobile, new materials and hardcore technology. He had assisted a number of listed companies with their capital and resource injection. Prior to joining the Group, he founded the Jinjiang City Qingyang Qingshan Coffee Shop (晉江市青陽青山咖啡店) in 2004 and subsequently developed it into Qingshan Coffee (青山咖啡) chain enterprise, and has been the chairman of Polish Green Holdings Limited (寶樹集團有限公司) since January 2008. Mr. Xue is an Economic Person of China Enterprise for the year 2020 (二零二零中國企業年度經濟人物) and currently serves as the standing vice chairman of the Entrepreneurs' Club of the Chinese Entrepreneur Commerce Club (中企會企業俱樂部) and the honorary chairman of the Beijing Fuzhou Enterprise Chamber of Commerce (北京福州企業商會).

Ms. Zhao Yiqing (趙藝晴), aged 32, has been appointed as our executive Director since 18 July 2023. She received her Master of Business Administration degree from University of Derby, the United Kingdom in September 2016. She received a certificate of completion of the 20th Post-EMBA Business Leaders Program from the Houyi Institute of Advanced Education in May 2021 and is currently enrolled in the doctoral course of the Science and Technology Management Scholars Programme (科技管理學者項目) co-organised by Southern University of Science and Technology (南方科技大學) and Hong Kong Polytechnic University.

Ms. Zhao served as a director and a supervisor of Shanghai Ruihua Wealth Asset Management Co., Ltd.(上海銳華財富資產管理有限公司), partner and deputy general manager of Houyi Alumni Education Fund (厚益校友教育產業基金), vice president of strategic investment department of Jiayin Group Inc. (NASDAQ: JFIN), chairman of Hainan Jiaxin Investment Company Limited (海南嘉信投資有限公司), and stablished and served as a director and the general manager of Sichuan Development Industrial Investment Service Company Limited (四川發展產業投資服務有限公司). Ms. Zhao is an experienced investor and has assisted several listed companies in financing, business expansion and industrial implementation. She served positions including the deputy secretary general of Peking University Post-EMBA Business School Alumni Association (北京大學後EMBA商學院校友會), the vice president of Big Data Industry Association in Shenzhen (深圳市大數據產業協會) and the vice chairman of Federation of Shenzhen Commerce (深圳市商業聯合會).

Directors, Senior Management and Company Secretary

Mr. Fei Xiang (費翔), aged 44, was appointed as our independent non-executive Director on 18 July 2023 and re-designated as an executive Director on 8 January 2024. He is also a member of the Remuneration Committee. He obtained a Master of Business Administration for Senior Management degree (高級管理人員工商管理碩士學位) from the same university in July 2013. He has been pursuing a doctorate degree in management science and engineering at Nanjing University of Science and Technology (南京理工大學) since September 2014, majoring in management science and engineering. Mr. Fei obtained the qualification certificate of senior economist in October 2013 from the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳).

Mr. Fei has about 10 years of experience in corporate management and extensive industry experience and client resources in banking and fintech sectors. Prior to joining the Group, Mr. Fei had successively engaged in teaching or administrative work at Suzhou Light Industry Vocational University (蘇州輕工業職業大學), Suzhou Art & Design Technology Institute (蘇州工藝美術職業技術學院) and Taizhou Institute of Sci.&Tech., Nanjing University of Science and Technology (南京理工大學泰州科技學院) from September 1999 to September 2014. He had served as the deputy director of Jingjiang National Economic Development Zone (靖江國家經濟開發區), the standing vice president of Industrial Technology Research Institute of Jingjiang City (靖江市產業技術研究院), and the vice chairman of Taizhou Association for Science and Technology (泰州市科學技術協會) during the period from September 2014 to August 2016; he served as the deputy general manager of Guotai Jinfeng Equity Investment Fund Management (Shanghai) Co. Ltd. (國泰金楓股權投資基金管理(上海)有限公司) from September 2016 to December 2018; served at the Nanjing branch and the Zhenjiang branch of Ping An Bank Co., Ltd. (平安銀行股份有限公司) from March 2019 to January 2021 with his last position serving as the branch vice president; has been an executive director and the general manager of Jiangsu Yingyuhe Corporate Management Consultancy Co. Ltd. (江蘇盈與和企業管理諮詢有限責任公司) since March 2022; and has been an executive director of Huiyin Capital (Jiangsu) Co. Ltd. (輝銀資本(江蘇)有限公司) since May 2023.

Non-executive Directors

Dr. Wu Fu-Shea (吳輔世), aged 65, is our non-executive Director. He has been appointed as an executive Director on 10 September 2021 and redesignated as our non-executive Director on 4 November 2022. He resigned as chief executive officer and was appointed as the Chairman of our Board on the same day and later resigned as the Chairman of our Board on 18 July 2023. He holds a Master of Business Administration degree of Tulane University, the United States and a Ph.D. degree in management from Nankai University. From 10 September 2019 to 12 December 2019, Dr. Wu served as the chief advisor of Suoxinda Shenzhen and was appointed as the general manager of Suoxinda Shenzhen on 13 December 2019. Dr. Wu also served as our chief executive office from 26 March 2020 to 4 November 2022.

With the working experience in the PRC big data solutions industry for over 21 years, Dr. Wu served as the head of the Greater China region for three globally leading scientific and technological companies in this professional field, and has profound insights into the development of big data and AI in the Chinese market. Before joining our Group in September 2019, Dr. Wu was the president of Greater China region of Teradata Technology (Beijing) Co., Limited from January 1998 to December 2008, the president of Greater China region of FICO information technology (Beijing) Co., Limited from September 2009 to July 2011, and the president of Greater China region of SAS Software (Beijing) Co., Limited from August 2011 to December 2018.

Mr. Wu Xiaohua (吳曉華), aged 50, is our non-executive Director. He joined our Group in May 2006 as the general manager and was appointed as a director, the chief financial officer and the deputy general manager of our Group in December 2015. He was the Chief Executive Officer of the Company until 26 March 2020 and an Executive Director of the Company until 18 July 2023. He obtained a bachelor's degree in production automation from Shenzhen University (深圳大學) in June 1995.

Mr. Wu has over 15 years of experience in business management. Prior to joining our Group, he served as a technical engineer of Shenzhen Hongbo Communication Investment Development Company* (深圳市鴻波通信投資開發公司) (now known as Guangdong Hongbo Communication Investment Holding Co., Ltd.* (廣東鴻波通信投資控股有限公司)) from July 1995 to February 1998; and later served as the head of sales in its trade department from February 1998 to January 2000. From January 2000 to May 2006, he worked at Shenzhen Post and Material Company Limited* (深圳市郵電物資有限公司) with his last position serving as a sales manager.

Mr. Chen Zhenping (陳楨平), aged 47, is our non-executive Director. He was appointed as an executive Director on 1 March 2022 and re-designated as a non-executive Director on 4 November 2022. He received his bachelor's degree in engineering from Shandong Building Materials Technical Institute* (山東建築材料工業學院) (the predecessor of the University of Jinan* (濟南大學)) in the PRC in July 2000.

Mr. Chen has been engaging in new energy and technology investment for a long time while got depth understanding of the relevant fields as well. He has accumulated extensive investment experience in his field. Prior to joining our Group, he served as the vice president of the Southern China district of the metal and new material business unit of Amer International Group Limited (正威國際集團有限公司) from May 2008 to October 2019, where he participated in formulating the company's development plan, operating strategy and organizing the implementation to promote the achievement of company goals.

Directors, Senior Management and Company Secretary

Independent Non-executive Directors

Mr. Yang Haifeng (楊海峰), aged 49, was appointed as an independent non-executive Director on 26 August 2022. He is responsible for overseeing the management of our Group independently. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee.

Mr. Yang graduated from Zhejiang University of Technology* (浙江工業大學) in January 2008 through distance learning with a major in accounting, and obtained a master degree in professional accounting from The Chinese University of Hong Kong in November 2018. He has been a member of the Chinese Institute of Certified Public Accountants since May 2004, and a fellow member of CPA Australia since September 2018.

Mr. Yang has extensive experience in auditing. Mr. Yang served in Linuo Group Co., Ltd.* (力諾集團股份有限公司) from August 2005 to February 2008 with his last position as a senior auditor, in the Shanghai branch of Tianhua Certified Public Accountants Co., Ltd.* (天華會計師事務所有限公司) from March 2008 to July 2009 with his last position as a senior manager, in the Shanghai branch of Jingdu Tianhua Certified Public Accountants Co., Ltd.* (京都天華會計師事務所有限公司) as a senior manager from August 2009 to August 2012, in the Shanghai branch of Ruihua Certified Public Accountants (Special General Partnership)* (瑞華會計師事務所(特殊普通合夥)) from September 2012 to April 2019 with his last position as a partner, and in the Shanghai Branch of ShineWing Certified Public Accountants (Special General Partnership)* (信永中和會計師事務所 (特殊普通合夥)) as a partner since May 2019.

Dr. Jin Yong (金涌), aged 36, was appointed as an independent non-executive Director on 14 March 2024. He is also a member of Audit Committee and Nomination Committee. He received his Master's degree and Bachelor's degree in Risk Management Science from the Chinese University of Hong Kong in November 2012 and December 2010 respectively, and his Doctorate degree in Business Administration and Doctorate degree in quantitative Finance from the University of Florida in August 2016. Dr. Jin also holds a certificate in Financial Risk Management (FRM).

Dr. Jin served as an Assistant Professor at School of Accounting and Finance of the Hong Kong Polytechnic University from September 2016 to June 2022, and has been an Associate Professor since July 2022. He also holds the positions of Assistant Dean at the Faculty of Business of the Hong Kong Polytechnic University since July 2021, Deputy Program Director of the Doctor of Management (Hong Kong) since August 2021, Co-Director of the Centre for Economic Sustainability and Entrepreneurial Finance since June 2021, and Director of the Centre for Business Technology and Innovation since August 2023. Dr. Jin worked as a Quantitative Research Associate in the Strategy & Modeling Department at Morgan Stanley (New York), where he received the Morgan Stanley Financial Markets Excellence Award in 2015. During his doctoral studies, Dr. Jin served as a lecturer at the University of Florida's Warrington College of Business, where he received the Outstanding Teaching Award for doctoral students.

Dr. Tian Yu (田宇), aged 59, was appointed as an independent non-executive Director on 14 March 2024. He is also a member of Audit Committee and Remuneration Committee. He was a postdoctoral researcher in the field of business administration at Sun Yatsen University from October 2001 to July 2004. He received his doctoral degree from Zhongnan University of Economics and Law in June 2001, majoring in National Economics. He received his master's degree in Business Administration from Zhongnan University of Economics in June 1998. He has participated in the CEO program at Cheung Kong Graduate School of Business, the CEO program at Shanghai International Finance Institute, the CEO program at China Europe International Business School and the CEO program at Centennial Union Medical and Health Industry.

Dr. Tian has been the president of Beijing Panmao Investment Management Co., Ltd.* (北京磐茂投資管理有限公司) since January 2019, which is the parent company of CPE, a Chinese asset management institute with global perspective and a successful track record in managing approximately RMB100 billion in assets. From May 2011 to December 2018, he served as the President of CITIC Private Equity Funds Management Co., Ltd.* (中信產業投資基金管理有限公司) From August 2008 to April 2011, he worked for China Life Insurance (Group) Company where he served as the assistant to the president and sales director. He served as Deputy General Manager of Guangdong Branch of China Life Insurance Company Limited from October 2005 to July 2008. From August 2001 to September 2005, he served as a member of the Party Committee and Secretary of the Discipline Inspection Commission at the Commissioner's Office of the Ministry of Finance in Guangdong Province. From August 1985 to August 1998, he worked in Haikou Branch of China Construction Bank Corporation and served as president of Haikou Branch of China Construction Bank Corporation and Director of Science and Technology Department of Hainan Branch of China Construction Bank Corporation.

Senior Management

Mr. Song Aihua (宋愛華), aged 45, was appointed as our chief operating officer on 4 November 2022. He joined our Group on 11 November 2019 and was the vice president and general manager of northern China and southwest China team of our Group. He graduated from Jilin University* (吉林大學) in July 2000 with a bachelor's degree in automation technology.

He has over 22 years of working experience in the financial technology industry. Prior to joining our Group, he worked as (i) a software engineer in the unix department of Changchun Changlian Software Company* (長春長聯軟件公司) of China United Group* (中聯集團) from July 2000 to May 2001; (ii) a senior software engineer in the financial division of Xing Tang Communication Technology Co. Ltd.* (興唐通信科技股份有限公司) of Datang Telecom Group* (大唐電信集團) from June 2001 to March 2003; (iii) a project manager in Beijing Tianqiao Beida Jade Bird Sci-Tech Co., Ltd.* (北京天橋北大青鳥科技股份有限公司) of Beida Jade Bird Group* (北大青鳥集團) from April 2003 to December 2006; (iv) a senior software engineer in Brocade Information Industry (Shenzhen) Co., Ltd* (博科信息產業(深圳)有限公司) from January 2007 to August 2008; and (v) a project director of the finance division and the director of professional services in Northern China at Teradata Technology (Beijing) Co., Ltd.* (天睿信科技術(北京)有限公司) from August 2008 to October 2019.

Directors, Senior Management and Company Secretary

Mr. Jiang Jingxiang (江鏡祥), aged 46, is the vice president and chief risk control officer of our Group and he joined our Group on 27 July 2020. He graduated from Shanghai University of Finance and Economics* (上海財經大學) with a bachelor's degree in economics in July 1999. He has been a member of the Chinese Institute of Certified Public Accountants since 2003, and an associate member of CPA Australia since 2011.

He has over 22 years of working experience in accounting and finance profession. Prior to joining our Group, he worked for (i) Sinopec Group Shanghai Offshore Oil Exploration and Development Company* (中國石化集團上海海洋石油勘探開發公司) from July 1999 to February 2001 as an accountant; (ii) Schneider Electric (China) Investment Company Limited Shanghai Branch* (施耐德電氣(中國)投資有限公司上海分公司) from March 2001 to April 2002 as an accountant; (iii) Jardine Matheson (Shanghai) Limited* (怡和科技(上海)有限公司) from May 2002 to August 2005 as a financial controller; (iv) Wacker Chemie Investment (China) Co., Ltd.* (瓦克化學投資(中國)有限公司) from September 2005 to October 2007 as a financial controller; (v) Veolia Transport (China) Co., Ltd.* (威立雅交通(中國)有限公司) from November 2007 to April 2010 as a finance manager; (vi) Shandong Dongying Photovoltaic Solar Energy Co., Ltd.* (山東東營光伏太陽能有限公司) from May 2010 to February 2013 as a finance director; (vii) Shanghai Haideliye Investment Co., Ltd.* (上海海德立業投資有限公司) from March 2013 to February 2017 as a finance director; and (viii) Shanghai Xingqun Power Company Limited* (上海星群電力有限公司) from March 2017 to June 2020 as the chief financial officer.

Ms. Zhang Fengwei (張鳳偉), aged 46, is the vice president and secretary of the Board of the Group. She joined the Group as secretary of the Board in November 2023 and was later appointed as the vice president of the Group in January 2024. She graduated from Saxion Hogeschool in May 2002 with a bachelor's degree in marketing management and from University of Portsmouth in June 2004 with a master's degree in finance. She obtained the Chartered Financial Analyst qualification in July 2008.

She has almost 20 years of experience in investment financing and investor relations. Prior to joining the Group, she (i) worked as an assistant investor relations manager in Towngas China Investment Company Limited from June 2004 to July 2007; (ii) worked as a senior manager of investor relations in Shenzhen Maoye Commercial City Company Limited from November 2011 to January 2015; (iii) secretary of the board of Shenyang Commercial City Company Limited from January 2015 to August 2016; (iv) director of investor relations of A8 New Media Group Limited from September 2016 to November 2019; and (v) secretary of the board of Shenzhen Delta Industrial Intelligent Electric Vehicle Co.* (深圳市德塔工業智能電動汽車有限公司) from January 2021 to September 2023.

Directors, Senior Management and Company Secretary

Mr. Wang Baohui (王寶輝), aged 43, is the director of the operation and management department of the Group, who joined the Group on November 3, 2023. He graduated from Shihezi University* (石河子大學) in June 2003 with a bachelor's degree in computer science and technology.

He has over 15 years of working experience in project management. Prior to joining the Group, he worked in Shenzhen Comtop Information Technology Co.,Ltd; he also worked in Shenzhen Changliang Technology Co. from August 2009 to July 2023 as a senior department manager of the operation center.

Ms. Wei Huijuan (魏惠娟), aged 39, is the head of the Group's Business Division 6 of our Group and joined our Group in March 2017. She received a graduation certificate for completing a self-taught higher education examination* (高等教育自學考試) in accounting issued by the Guangdong Province Selftaught Examination Committee* (廣東自學考試委員會) and Jinan University (暨南大學) in June 2013 and a graduation certificate for completing a self-taught higher education examination* (高等教育自學考試) in marketing issued by the Hunan Province Higher Education Self-taught Examination Committee* (湖南省高等教育自學考試委員會) and Hunan University of Commerce and Industry (湖南工商大學) in December 2021. She has obtained an intermediate accountant certificate* (中級會計資格證書) issued by the Guangdong Province Human Resources and Social Security Department* (廣東省人力資源和社會保障廳) in February 2016.

She has over 16 years of experience with accounting and financing. Prior to joining our Group, she served as an accounting supervisor at Shenzhen Jiayuanda Technology Co., Ltd.* (深圳市佳源達科技有限公司) from June 2007 to April of 2011. She then served as a finance manager at Dongguan Baoneng Steel Trading Co., Ltd.* (東莞市寶能鋼鐵貿易有限公司) from May 2011 to January 2015. She later served as a finance manager at Shenzhen Wpeak Information System Co., Ltd.* (深圳市浪峰信息系統有限公司) from February 2015 to December 2016.

Ms. Liu Qin (柳琴), aged 37, is the director of our Group's Management Department.

She joined the Group in July 2011 as the manager of the human resources administration department, in December 2017 as the manager of the commercial department, in December 2020 as the director of the commercial legal department, and thereafter from November 2022 to June 2023 as director of the digital ITS business unit. She was awarded a certificate of completion of the Self-Study Examination in Higher Education in Human Resources Management by the Guangdong Higher Education Self-Study Examination Committee and South China University of Technology in December 2020.

She has over 11 years of experience in human resources and business management. Prior to joining our Group, she worked in a number of companies including Emerson Home Appliance Application Technology (Shenzhen) Co.

Directors, Senior Management and Company Secretary

Mr. Qin Gang (覃剛), aged 51, is the director of our Group's product development department and he joined our Group in March 2021. He graduated from Northeast Power Institute in July 1994 with a bachelor's degree in computer and applications.

He has over 25 years of working experience in the information technology industry. Prior to joining the Group, he worked as (i) a hardware engineer at China Construction Bank Guangdong Branch from July 1994 to April 2000; (ii) an information service consultant at Unisys (China) Limited from August 2000 to June 2003; (iii) a professional service senior consultant at Teradata Technology (Beijing) Co., Ltd.* (天睿信科技術(北京)有限公司) from June 2003 to October 2018; and (iv) a technical director of Guangzhou Octopus Technology Limited* (廣州八爪魚科技有限公司) from November 2018 to March 2021.

Mr. Chen Qiyu (陳其宇), aged 50, is the director of the project department of the Group's Business 10 Division. He joined the Group in March 2021. He graduated from South China University of Technology (華南理工大學) in July 1995 with a bachelor's degree in computer software.

He has 25 years of experience in IT industry and 20 years of experience in data warehouse implementation, maintenance and management. Prior to joining the Group, he served as the deputy general manager of Guangzhou Octopus Technology Company Limited * (廣州八爪魚科技有限公司) from November 2018 to March 2021, and as the senior professional services director of Teradata Information Systems (Beijing) Limited *(天睿信科技術(北京)有限公司) from December 2004 to October 2018.

Ms. Li Qiongmei (李琼梅), aged 40, is the Senior Solutions Director of the Group's Business 6 Division and Chief Marketing Management Specialist. She joined our Group in September 2015. She graduated with a bachelor's degree in Mathematics and Applied Mathematics from Guangxi University for Nationalities (廣西民族大學) in June 2007. She further obtained a master's degree in Probability and Statistics from Guangxi Normal University (廣西師範大學) in June 2010. She has obtained an intermediate statistician certificate* (中級統計資格證書) issued by the Guangzhou Municipal Human Resources and Social Security Bureau* (廣州市人力資源和社會保障局) in March 2013. She has also been certified as a Project Management Professional by the Project Management Institute since September 2013.

She has over 10 years of experience in the information technology service industry. Prior to joining our Group, she served as a data analyst of Guangzhou Youshi Information System Company Limited* (廣州優識科技資訊股份有限公司) from July 2010 to December 2012. She later served as a data analyst of Beijing Yinfeng Xinrong Technology Development Company Limited* (北京銀豐新融科技開發有限公司) from December 2012 to August 2015.

Company Secretary

Ms. So Ka Man (蘇嘉敏), is currently a director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. So is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Directors' Report

The Board presents the Group's annual report and audited consolidated financial statements for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group is a leading enterprise in the field of data intelligence and marketing technology, providing big data, AI and digital marketing solutions and professional consulting services to financial institutions and other enterprises and helping all kinds of enterprises and organizations to fully realize the value of data and accelerate their digital transformation driven by data. The core businesses of the Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services.

BUSINESS REVIEW

The Group's business review for the Reporting Period, using financial key performance indicators, and prospects are set out in the section headed "Management Discussion and Analysis" on pages 14 to 31 of this annual report.

An analysis of the Group's performance for the Reporting Period by business segments and geographical locations is contained in note 5 to the consolidated financial statements.

The above discussions form part of this Directors' Report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 220 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and has not noted any material non-compliance with any relevant laws and regulations in relation to health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmentally friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

The discussion on the Group's environmental policies and performance, the Group's key relationship with employees, customers, suppliers and other stakeholders, and the Group's compliance with the relevant laws and regulations that have significant impact on the Group, can be found in the Environmental, Social and Governance Report set out on pages 86 to 104 of this annual report. These discussions form part of this Directors' Report.

Directors' Report

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. Factors set out below are the principal risks and uncertainties that the Group believes could result in the Group's businesses, financial condition, results of operations or growth prospects differing materially from expected or historical results.

- If the Group fails to keep up with technological advancements of the PRC big data and AI solution industry, its business, financial condition and results of operations may be materially and adversely affected.

- The Group generally do not have long-term contracts with its customers for significant amounts that expose its revenues to uncertainty and potential volatility.

- If the Group fails to expand its solution and product offerings or develop and deliver solutions and products to meet increasingly complex customer demands and attract new customers, its financial condition and results of operations may be materially and adversely affected.

- The Group's operations and financial results would be adversely affected if it is unable to secure new contracts from existing customers or secure contracts from new customers.

- Actual or alleged failure to comply with data privacy and protection laws and regulations could damage the Group's reputation, and any security and privacy breaches may hurt the business, operations and financial results of the Group.

- The Group's solutions and products may experience quality issues that could have a materially adverse effect on its reputation and customer relationships, which may in turn have a negative impact on its revenue and profitability.

For other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 28 November 2019 (the "**Prospectus**").

SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

ASSOCIATES OF THE COMPANY

Details of the associates of the Company is set out in note 20 to the consolidated financial statements.

DIVIDEND

The Board does not recommend payment of any final dividend for the Reporting Period. The Company is not aware of any arrangements under which a shareholder of the Company (the "**Shareholder(s)**") has waived or agreed to waive any dividends.

DIVIDEND POLICY

The Group adopted a dividend policy. However, the Group does not have a pre-determined dividend payout ratio. Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which the Directors may consider relevant. Subject to the Cayman Islands Companies Act Chapter 22 (Law no. 3 of 1961, as consolidated and amended) (the "**Cayman Companies Laws**") and the articles of associations of the Company (the "**Articles of Association**"), the Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by the Board. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) the Articles of Association, which require any final dividends to be approved by the Shareholders at a general meeting, and (ii) the Cayman Companies Laws, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under applicable PRC laws, each of the subsidiaries of the Group in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

SHARE CAPITAL AND SHARES ISSUED

Details of the share capital of the Company are set out in note 22 to the consolidated financial statements.

Subscription of shares:

(1) On 15 January 2023, the Company (as the issuer) entered into a subscription agreement with not less than six subscribers pursuant to which the Company conditionally agreed to issue and the subscribers conditionally agreed to subscribe for a total of 50,800,000 subscription shares at a subscription price of HK$0.645 per subscription share. (i) approximately 10.88% of the total issued share capital of the Company as at the date of the announcement dated 15 January 2023; and (ii) approximately 9.81% of the total issued share capital of the Company enlarged by the allotment and issue of subscription shares. The total subscription price is HK$32,766,000. The subscription was completed on 22 February 2023. The net proceeds from the above subscription are intended for working capital and general corporate purposes. For further details, please refer to the Company's announcements dated 15 January 2023 and 22 February 2023.

The total net proceeds raised from the subscription in January 2023 were approximately RMB29,476,000. Up to 31 December 2023, the Group has utilised the whole sum as follows:

	Intended use of net proceeds	Actual use of net proceeds up to 31 December 2023	Unutilised net proceeds up to 31 December 2023
For working capital and general corporate purposes	29,476,000	29,476,000	–

(2) On 19 March 2023, the Company (as the Issuer) entered into a subscription agreement with not less than six subscribers pursuant to which the Company conditionally agreed to issue, and the subscribers conditionally agreed to subscribe for a total of 175,500,000 subscription shares at a subscription price of HK$0.76 per subscription share under a specific mandate. The subscription shares represent approximately 33.89% of the existing issued share capital of the Company as at the date of the announcement dated 19 March 2023 and approximately 25.31% of the issued share capital of the Company as enlarged by the Issue of the subscription shares. The total subscription price is HK$133,380,000. The above subscription was completed on 29 June 2023. A total of 143,000,000 subscribed shares have been issued and allotted to not less than six subscribers and have been paid at HK$0.76 per share. A total of 32,500,000 subscription shares was not subscribed for. The Company intends to use the net proceeds of the above subscription for working capital and general corporate purposes. For details, please refer to the Company's Announcement dated 19 March 2023, 25 May 2023 and 29 June 2023 and the Company's circular dated 24 April 2023.

The total net proceeds raised from the subscription in March 2023 were approximately RMB97,918,000. Up to 31 December 2023, the Group has utilised the whole sum as follows:

	Intended use of net proceeds	Actual use of net proceeds up to 31 December 2023	Unutilised net proceeds up to 31 December 2023
For working capital and general corporate purposes	97,918,000	97,918,000	–

For shares issued under the share option scheme (the "**Share Option Scheme**") and share award scheme (the "**Share Award Scheme**") of the Company, please refer to the section headed "Equity Incentive Plan" of this annual report.

DEBENTURES ISSUED

The Group has not issued any debenture during the Reporting Period.

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out on in the "Consolidated Statement of Changes in Equity" of this annual report and in note 36 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's distributable reserves amounted to approximately RMB806,000 under the Cayman Companies Laws.

EQUITY LINKED AGREEMENTS

Save as disclosed in sections headed "Equity Incentive Plan" and "Share Capital and Share Issued" of this annual report and note 37 to the consolidated financial statements, no equity- linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Report Period.

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Company and the Group during the Reporting Period are set out in note 13 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and borrowings of the Group as at 31 December 2023 are set out in note 27 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the Group has no donation.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands that would require the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or controlling shareholders of the Company had any interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors

Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer) (Appointed on 18 July 2023)*
Ms. Zhao Yiqing *(Appointed on 18 July 2023)*
Mr. Fei Xiang *(Appointed as an independent non-executive Director on 18 July 2023, redesignated from independent non-executive Director to an executive Director on 8 January 2024)*
Mr. Shi Banchao *(Resigned on 8 January 2024)*
Mr. Wu Xiaohua *(Redesignated from executive Director to non-executive Director on 18 July 2023)*
Mr. Song Hongtao *(Resigned on 6 January 2023)*

Non-Executive Directors

Dr. Wu Fu-Shea *(Resigned as Chairman of the Board on 18 July 2023)*
Mr. Wu Xiaohua *(Redesignated from executive Director to non-executive Director on 18 July 2023)*
Mr. Chen Zhenping
Ms. Zhao Yue *(Resigned on 18 July 2023)*

Independent Non-Executive Directors

Mr. Yang Haifeng
Dr. Jin Yong *(Appointed on 14 March 2024)*
Dr. Tian Yu *(Appointed on 14 March 2024)*
Mr. Fei Xiang *(Appointed as an independent non-executive Director on 18 July 2023, redesignated from independent non-executive Director to an executive Director on 8 January 2024)*
Ms. Dan Xi *(Appointed on 6 January 2023 and resigned on 14 March 2024)*
Dr. Chen Wei *(Resigned on 18 July 2023)*
Mr. Tu Xinchun *(Resigned on 6 January 2023)*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received an annual independence confirmation from each of the existing independent non-executive Directors in accordance with Rule 3.13 and paragraph 12B of Appendix D2 to the Listing Rules and that all independent non-executive Directors are considered to be independent.

Directors' Report

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed "Directors, Senior Management and Company Secretary" of this annual report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. Such permitted indemnity provision has been in force during the Reporting Period. The Company has purchased appropriate liability insurance for its directors and senior management members.

DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered a service contract with the Company for a term of three years. The terms of service contracts for Mr. Xue Shouguang, Ms. Zhao Yiqing and Mr. Fei Xiang (the executive Directors) commenced on 18 July 2023, 18 July 2023 and 8 January 2024, respectively. The terms of service contracts for Dr. Wu Fu-Shea, Mr. Chen Zhenping and Mr. Wu Xiaohua (the non-executive Directors) commenced on 4 November 2022, 4 November 2022 and 18 July 2023, respectively. The aforesaid service contracts may be terminated by either party giving not less than three months' prior notice in writing to the other party.

The independent non-executive Directors have each entered a letter of appointment with the Company for a period of one year, which is renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of appointment, and terminable by either party giving not less than three months' prior notice in writing to the other party. The terms of the letter of appointment for Mr. Yang Haifeng commenced on 26 August 2022 and those for Dr. Jin Yong and Dr. Tian Yu commenced on 14 March 2024.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") has a service contract/letter of appointment with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

REMUNERATIONS AND PENSION COSTS/RETIREMENT BENEFITS OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remunerations and pension costs/retirement benefits of the Directors and the five highest paid individuals are set out in notes 33 and 8 to the consolidated financial statements.

None of the Directors has waived any emoluments during the Reporting Period. In addition, no emoluments were paid by the Group to the Directors as an inducement to join the Group, or as compensation for loss of office during the Reporting Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected transactions, continuing connected transactions and related party transactions" of this annual report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' CONTRACTS OF SIGNIFICANCE

There is no shareholder of the Company holding more than 30% of the voting rights of the Company during the Reporting Period.

POTENTIAL CONFLICT OF INTERESTS WITH CONTROLLING SHAREHOLDERS

There is no shareholder of the Company holding more than 30% of the voting rights of the Company during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed at the end of the Reporting Period or at any time during the Reporting Period.

REMUNERATION POLICY AND EMPLOYMENT BENEFITS

The Group had 507 employees altogether in the PRC and Hong Kong as at 31 December 2023. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC.

The Directors and senior management of the Group receive compensation in the form of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules, and regulations. The primary goal of the remuneration policy regarding the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Details of the remuneration of the Directors are set out in note 33 to the consolidated financial statements.

The Group have not experienced any significant problems with its employees or disruption to the Group's operations due to labour disputes, nor have experienced any difficulties in the recruitment and retention of experienced staff.

RETIREMENT BENEFITS

The Group has participated in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organized and administered by the relevant governmental authorities for employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group does not forfeit any contributions on behalf of its employees who leave these plans prior to full vesting. Accordingly, there was no forfeited contribution available for the Group to reduce the existing level of contributions. Details of the retirement benefits provided by the Group to employees are set out in note 2.23 the consolidated financial statements. Save as the aforesaid, the Group did not participate in any other pension schemes during the Reporting Period.

EQUITY INCENTIVE PLAN

The Share Option Scheme and the Share Award Scheme have been adopted by the Shareholders at the annual general meeting of the Company held on 8 June 2020. The purposes of the Share Option Scheme and the Share Award Scheme are to recognise and motivate the contribution of the eligible participants, provide incentives and help the Group retain its existing employees and recruiting additional employees, and to provide it with a direct economic interest in attaining the long-term business objectives of the Group.

Share Option Scheme

The participants of the Share Option Scheme include any employee, consultant, supplier and/or customer who in the sole discretion of the Board has contributed or may contribute to the Group.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant options to any participants as the Board may in its absolute discretion select. The maximum number of ordinary shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme by the Company shall not exceed 10% of the total number of the shares in issue on 8 June 2020, i.e. 40,000,000 shares, (the "**Share Option Scheme Mandate Limit**") unless Shareholders' approval has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) any options granted under other share option schemes of the Company will not be counted for the purpose of calculating the Share Option Scheme Mandate Limit. The Company may renew the Share Option Scheme Mandate Limit subject to prior Shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as renewed must not exceed 10% of the shares in issue as at the date of approval of the renewal of the Share Option Scheme Mandate Limit.

The maximum number of shares issued and to be issued upon exercise of the share options granted and to be granted to each participant (including both exercised, cancelled and outstanding share options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period is limited to 1% of the shares in issue, unless otherwise separately approved by Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

As at 1 January 2023 and 31 December 2023, the number of options available for grant under the scheme mandate was 38,143,167 and 38,948,495, respectively.

During the reporting period, the Company did not grant any new share options.

The offer of a grant of share options may be accepted within 21 business days from the date of offer. Upon acceptance of the share options, the duplicate letter comprising acceptance of the option duly signed by the Share Option Scheme grantee together with a remittance in favour of the Company of HK$0.01 or any other amount as determined by the Board by way of consideration for the grant shall be provided. Such remittance shall in no circumstances be refundable. Subject to such terms and conditions as the Board may determine, there is no minimum period for which a share option must be held before it can be exercised.

Subject to the terms of grant of any option, an option may be exercised by the grantee of the option at any time during the exercise period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than ten years after the date of the offer made. The vesting period of options granted under the Share Option Scheme is from the date of grant until the commencement of the exercise period. For options granted to employees, vesting is on the condition that the employees remain in service. There is no performance target that must be achieved before the options can be exercised except otherwise imposed by the Board and stated in the offer of grant of an option. For the options granted during the year ended 31 December 2021 and 31 December 2022, the Board specified performance conditions that must be satisfied before the option can be exercised. These conditions include group financial performance targets and individual key performance indicators.

The exercise price shall be at a price determined by the Board at its absolute discretion and shall be not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the relevant offer date in respect of such option, which must be a trading day; or (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding relevant offer date in respect of such option; or (iii) the nominal value of a Share. In the event of fractional prices, the exercise price per share shall be rounded upwards to the nearest whole cent.

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 8 June 2020. As at 31 December 2023, the remaining life of the Share Option Scheme was approximately six years and five months.

As at the date of this annual report, the total number of shares available for issue upon the exercise of the options to be granted under the Share Option Scheme was 38,948,495, representing approximately 5.9% of the total issued shares as at the date of this annual report.

Further details of the Share Option Scheme are set out in circular of the Company dated 28 April 2020 and note 37 to the consolidated financial statements.

The table below sets out details of the outstanding options granted to the grantees under the Share Option Scheme and movements during the Reporting Period:

Name or category of grantee	Date of Grant	Vesting Schedule	Exercise Period	Fair value per share option at the date of grant (HK$)	Exercise Price per Share Option (HK$)	Outstanding as at 1 January 2023	Granted during the year	Exercised during the year	Closing price of the shares immediately before the date on which the options were granted (HK$)	Weighted average closing price of the shares immediately before the dates on which the options were exercised (HK$)	Lapsed/forfeited during the year	Cancelled during the year	Exercise price of the forfeited options	Outstanding as at 31 December 2023
Director and senior management														
Mr. Shi Banchao	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note 2)	25,644	-	-	5.21	-	-	-	-	25,644
Other grantees – Employees														
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024; and after 31 March 2025, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	3.28	6.33 (Note1)	70,000	-	-	6.27	-	-	-	-	70,000
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	3.28	6.33 (Note1)	204,100	-	-	6.27	-	162,100	-	-	42,000
In aggregate	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	2.84	5.38 (Note2)	1,557,089	-	-	5.21	-	789,320	-	-	767,769
Sub-total						1,831,189	-	-			951,420	-		879,769
Total						**1,856,833**	**-**	**-**			**951,420**	**-**		**905,413**

Note 1: The exercise price of the share options represents the highest of: (i) the closing price of HK$6.33 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK$6.246 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK$0.01 per Share.

Note 2: The exercise price of the share options represents the highest of: (i) the closing price of HK$5.38 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK$5.272 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK$0.01 per Share.

Details of the fair value of the options at the date of grant and the accounting standard and policy adopted are set out in note 37 to the consolidated financial statements.

Share Award Scheme

The participants of the Share Award Scheme include any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group whom the Board in its sole discretion considers may contribute or have contributed to the Group.

Subject to the terms of the Share Award Scheme, the Board shall be entitled at any time within the period of ten years after 8 June 2020 to grant restricted shares (the "**Restricted Shares**") to any participants as the Board may in its absolute discretion select, such Restricted Shares can be satisfied by (i) new shares issued by the Company at par, (ii) existing shares purchased by the trustee on the market, in either case out of cash paid by the Company by way of settlement to the trustee pursuant to the Share Award Scheme or (iii) returned shares or further shares awarded under the Share Award Scheme. The Company has appointed Trident Trust Company (HK) Limited or its wholly owned subsidiary, being SXD Talent Success Limited, as the trustee of the Share Award Scheme.

The maximum number of Restricted Shares which may be awarded under the Share Award Scheme by the Company or held by the trustee under the Share Award Scheme shall not exceed 5% of the total number of the shares in issue on 8 June 2020, i.e. 20,000,000 Shares, (the "**Share Award Scheme Limit**"). Restricted Shares awarded but cancelled, lapsed and/or not yet vested are all excluded from the Share Award Scheme Limit. The Company may refresh the Share Award Scheme Limit subject to prior approval from the Board but in any event, the total number of Restricted Shares which may be awarded under the Share Award Scheme or held by the trustee under the Share Award Scheme under the limit as refreshed must not exceed 5% of the shares in issue as at the date of approval of the refreshment of the Share Award Scheme Limit. The maximum number of Restricted Shares to be awarded to each grantee under the Share Award Scheme is limited to 1% of the issued share capital of the Company as at 8 June 2020 or at the date on which the Share Award Scheme Limit is refreshed.

As at 1 January 2023 and 31 December 2023, the number of Restricted Shares available for grant under the scheme mandate were both 13,289,099.

During the reporting period, the Company did not grant any share awards.

As at the date of this annual report, the total number of Restricted Shares available for grant under the Share Award Scheme was 13,289,099, representing approximately 2.01% of the total issued shares as at the date of this annual report.

The Company shall comply with the relevant Listing Rules when granting the Restricted Shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

Nil consideration is required to be paid by the eligible participants for the grant of Restricted Shares under the Share Award Scheme. The vesting period of Restricted Shares granted under the Share Award Scheme may differ among the grantees. For Restricted Shares granted to employees, vesting is on the condition that the employees remain in service. For the Restricted Shares granted during the year ended 31 December 2021 and 31 December 2022, the Board specified performance conditions that must be satisfied before vesting in the relevant grant letters. These conditions include group financial performance targets and individual key performance indicators.

The number of shares that may be issued in respect of awards granted under the Share Award Scheme during the year ended 31 December 2023 divided by the weighted average number of the shares in issue for the year ended 31 December 2023 is 0.18%.

As at 31 December 2023, the remaining life of the Share Award Scheme was approximately six years and five months.

Further details of the Share Award Scheme are set out in circular of the Company dated 28 April 2020 and note 37 to the consolidated financial statements.

The table below sets out details of the Restricted Shares granted to the grantees under the Share Award Scheme and movements during the Reporting Period:

Name or category of share grantee	Date of grant	Vesting Schedule	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Purchase price of share awards (HK$)	Unvested as at 1 January 2023	Granted during the year	Vested during the year	Lapsed/ forfeited during the year	Cancelled during the year	Purchase price of the cancelled awards	Unvested as at 31 December 2023	Weighted average closing price of the shares immediately before the vesting date (HK$)
To be satisfied by new shares issued/to be issued													
Director and senior management													
Mr. Shi Banchao	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	–	59,835	–	14,958	–	–	–	44,877	0.8
Other grantees – Employees													
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	–	2,056,775	–	375,348	1,280,687	–	–	400,740	0.8
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	–	78,900	–	3,000	66,900	–	–	9,000	0.8
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2022 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	–	511,000	–	148,500	218,500	–	–	144,000	0.8
In aggregate	28 December 2021	30% of the Restricted Share granted would be vested as soon as practicable 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	6.27	6.33	–	502,430	–	350,928	151,502	–	–	–	0.8
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	6.27	6.33	–	105,000	–	35,000	–	–	–	70,000	0.8

Name or category of share grantee	Date of grant	Vesting Schedule	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Purchase price of share awards (HK$)	Unvested as at 1 January 2023	Granted during the year	Vested during the year	Lapsed/ forfeited during the year	Cancelled during the year	Purchase price of the cancelled awards	Unvested as at 31 December 2023	Weighted average closing price of the shares immediately before the vesting date (HK$)
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	6.27	6.33	-	24,000	-	6,000	18,000	-	-	-	0.8
In aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	-	546,772	-	110,790	163,533	-	-	272,449	0.8
In aggregate	8 April 2022	30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2022 30% of the Restricted Share granted shall be vested on the first trading day after 30 June 2023 40% of the Restricted Share granted shall be vested on the first trading day after 30 June 2024	5.21	5.38	-	70,000	-	-	70,000	-	-	-	0.8
In aggregate	8 April 2022	60% of the Restricted Share granted would be vested as soon as practicable 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023	5.21	5.38	-	12,789	-	-	12,789	-	-	-	0.8
Sub-total						3,907,666	-	1,029,566	1,981,911	-		896,189	
To be satisfied by existing shares													
Other grantees (employees) in aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	5.21	5.38	-	40,000	-	10,000	-	-	-	30,000	0.8
Total						**4,007,501**	**-**	**1,054,524**	**1,981,911**	**-**		**971,066**	

Details of the fair value of the Restricted Shares at the date of grant and the accounting standard and policy adopted are set out in note 37 to the consolidated financial statements.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Connected Transaction – Property Lease Agreement

On 1 August 2022, Guangzhou Branch of Suoxinda Beijing had entered into a property lease agreement (the "**Property Lease Agreement**") with Ms. Jiang Yadong ("**Ms. Jiang**"), pursuant to which Ms. Jiang agrees to lease a property located in Room 111, No. 170, Middle Hanxing Road, Zhongcun Street, Panyu District, Guangzhou, the PRC with a gross area of 141.0833 square meters (the "**Property**") to Guangzhou Branch of Suoxinda Beijing for office use for a period of 5 years from 1 August 2022 to 31 July 2027 (both days inclusive). The rent shall be RMB23,000.00 per month (inclusive of tax) and the rent shall be increased at the rate of 10% annually. The rent were determined after arm's length negotiations between the relevant parties after taking into account the prevailing market rents of comparable properties in the vicinity.

The Board considered that it was in the Group's interest in terms of cost, time and stability to continue to lease the Property from Ms. Jiang, instead of relocating the office to other alternative properties.

Ms. Jiang was not a connected person of the Company as at the date of the Property Lease Agreement. Following the appointment of Mr. Shi Banchao as an executive Director and Chief Executive Officer on 4 November 2022, Ms. Jiang, being the spouse of Mr. Shi, became a connected person of the Company by virtue of Rule 14A.12(1)(a) of the Listing Rules. As such, the Property Lease Agreement with Ms. Jiang became a connected transaction for the Company following the appointment of Mr. Shi as an executive Director and Chief Executive Officer under Chapter 14A of the Listing Rules. For details, please refer the announcement of the Company dated 4 November 2022. Mr. Shi resigned as an Executive Director of the Company on 8 January 2024.

For continuing connected transactions, our Group has adopted clear pricing policies and guidelines and adopted procedures for determining the prices and terms of the transactions in accordance with the relevant pricing policies and guidelines. The Company has complied with all such policies and procedures as well as all the relevant requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, during the Reporting Period, the Group did not enter into any other connected transaction or continuing connected transaction which is required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors have reviewed the continuing connected transactions mentioned under section 3 (the "**Continuing Connected Transactions**"), and confirmed that the Continuing Connected Transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to relevant agreement governing them, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Mr. Xue Shouguang	Interest in controlled corporation[1]	104,000,000	15.74	Long position
Mr. Chen Zhenping	Beneficial owner	60,980,000	9.23	Long position
Mr. Wu Xiaohua	Interest in controlled corporation[2]	29,490,000	4.46	Long position
Ms. Zhao Yiqing	Beneficial owner	23,740,000	3.59	Long position
Mr. Shi Banchao	Beneficial owner[3]	14,650,835	2.22	Long position
Dr. Wu Fu-shea	Beneficial owner	11,450,000	1.73	Long position

Notes:

1. Mr. Xue Shouguang held approximately 83.3% equity interest in Treasure Tree Asia Holdings Co. LTD. Accordingly, under Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"), Mr. Xue Shouguang is deemed to be interested in the 104,000,000 share capital of the Company held by Treasure Tree Asia Holdings Co. LTD.

2. Mr. Wu Xiaohua held 100% equity interest in Ideal Treasure Holdings Limited. Accordingly, Mr. Wu Xiaohua was deemed to be interested in the 29,490,000 shares held by Ideal Treasure Holdings Limited pursuant to Part XV of the SFO.

3. The 14,650,835 shares held by Mr. Shi included 59,835 Restricted Shares granted under the Share Award Scheme. Mr. Shi also held 25,644 options granted under the Share Option Scheme. Mr. Shi resigned as an Executive Director on 8 January 2024.

Save as disclosed above, as at 31 December 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S SHARES AND UNDERLYING SHARES

As at 31 December 2023, so far as it is known to the Directors and the chief executive of the Company, the following corporations or persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Company's Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Treasure Tree Asia Holdings Co. LTD[1]	Beneficial owner	104,000,000	15.74	Long position
Ms. Chen Weiping[2]	Interest of spouse	104,000,000	15.74	Long position
Mr. Wang Donglin[3]	Beneficial owner	70,003,840	10.59	Long position
深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited)[3]	Beneficial owner	70,003,840	10.59	Long position
Mindas Touch Global Limited[3]	Interest of controlled corporation	70,003,840	10.59	Long position
北京金融街資本運營集團有限公司 (Beijing Financial Street Capital Operation Group Co., Ltd)[4]	Person having a security interest in shares	66,080,000	10.00	Long position
Ms. Wu Xinlan[5]	Interest of spouse	60,980,000	9.23	Long position

Notes:

1. According to the disclosure of interests set out on the Stock Exchange website, Mr. Xue Shouguang's equity interest in the Company is held through Treasure Tree Asia Holdings Co. LTD. Mr. Xue Shouguang holds approximately 83.3% of Treasure Tree Asia Holdings Co. LTD. Accordingly, Mr. Xue Shouguang is deemed to be interested in such Shares under Part XV of the SFO.

2. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Chen Weiping is the spouse of Mr. Xue Shouguang and was therefore deemed to be interested in the 104,000,000 Shares in which Mr. Xue Shouguang was interested pursuant to Part XV of the SFO.

3. According to the disclosure of interests as set out on the website of the Stock Exchange, Mr. Wang Donglin's shareholding in the Company is held through Mindas Touch Global Limited. Mindas Touch Global Limited is wholly owned by深圳市高盛達旅遊汽車服務有限公司(Shenzhen Gaoshengda Travelling and Car Services Company Limited), which is wholly owned by Mr. Wang Donglin. Accordingly, Mr. Wang Donglin and深圳市高盛達旅遊汽車服務有限公司(Shenzhen Gaoshengda Travelling and Car Services Company Limited) were deemed to be interested in these Shares pursuant to Part XV of the SFO.

4. According to the disclosure of interests as set out on the website of the Stock Exchange,北京金融街資本運營集團有限公司(Beijing Financial Street Capital Operation Group Co., Ltd) was interested in 66,080,000 Shares as person having a security interest in shares.

5. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Wu Xinlan is the spouse of Mr. Chen Zhenping and was therefore deemed to be interested in the 60,980,000 Shares in which Mr. Chen Zhenping was interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, so far as it is known to the Directors and the chief executive of the Company, no person, other than the Directors or the chief executive whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, has an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as the grants and awards made under the Share Option Scheme and Share Award Scheme as disclosed above, neither at the end of nor at any time during the Reporting Period there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the objects of or one of the objects of such arrangement are/is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the holders of the securities of the Company by reason of their holding of the Company's securities.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in this annual report, during the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, the revenue generated from the Group's top five customers accounted for 43.8% of the Group's total revenue, while the revenue generated from the Group's largest customer accounted for 12.1% of the Group's total revenue.

Major Suppliers

For the Reporting Period, the total purchases from the Group's top five suppliers accounted for 20.8% of the total purchases, while the purchases from the Group's largest supplier accounted for 78.3% of the Group's total purchases.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the issued Shares) was interested in the top five customers or suppliers of the Group.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Shares of the Company were listed on the Stock Exchange on 13 December 2019 (the "**Listing Date**") by way of share offer (the "**Share Offer**"). The Company offered 100,000,000 Shares at an offer price of HK$1.50 per Share. According to the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"), the actual net proceeds of the Share Offer was approximately HKD104.0 million after deduction of listing expenses (the "**Net Proceeds**").

Set out below is the status of the use of Net Proceeds from the Share Offer:

	Allocation percentage % of Net Proceeds	Allocation of the Net Proceeds (HK$ million)	Utilised Net Proceeds as at 31 December 2023 (HK$ million)	Unutilised Net Proceeds as at 31 December 2023 (HK$ million)
Strengthening and expansion of our data solution offerings through continuously attracting and retaining high- quality personnel and offering attractive compensation packages to retain our employees	20%	20.8	20.8	–
Enhancement of our sales and marketing efforts including corporate branding activities (Note)	20%	20.8	20.8	–
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen (Note)	35%	36.4	36.2	0.2
Potential strategic acquisition to supplement our organic growth	6.35%	6.6	6.6	–
Working capital and other general corporate purposes	18.65%	19.4	19.4	–
Total	100%	104.0	103.8	0.2

Note: As disclosed in the announcements of the Company dated 2 December 2020 and 24 December 2021, the Company originally intended to apply approximately 35.0% of the Net Proceeds from the Share Offer, or approximately HK$36.4 million for the development of the financial AI laboratory, the display centre and office facilities of the Haina Property (as defined in the 2019 Annual Report) in Shenzhen. However, as one of the conditions precedent for the completion of acquisition of the Haina Property (as defined in the 2019 Annual Report) could not be fulfilled, the Company terminated the acquisition of the Haina Property (as defined in the 2019 Annual Report) with the relevant seller on 2 December 2020. As a result, the Board intend to apply the unutilised Net Proceeds for such purpose to search for new locations for the development of the Group's financial AI laboratory, display centre and office facilities. The Board has also subsequently resolved to extend the timetable for using all the unutilised Net Proceeds to on or before 31 December 2022 for the Group's long term business development and better utilisation of the unutilised Net Proceeds. As additional time is needed for searching suitable locations, the Board has further resolved to extend the timetable for using the remaining proceeds of approximately HK$3.5 million for development of the financial AI laboratory, the display centre and office facilities to by 31 August 2023, which was further extended to by 31 March 2024.

As at the date of this annual report, all the Net Proceeds have been fully utilised according to the intentions mentioned above.

Directors' Report

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the despatch of this annual report, the Company has maintained a sufficient public float for the issued Shares (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules as at the latest practicable date prior to the dispatch of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no important events affecting the Group that have occurred after 31 December 2023 and up to the date of this annual report.

AUDIT COMMITTEE

The Company has established the Audit Committee comprising the existing independent non-executive Directors, namely Mr. Yang Haifeng, Dr. Jin Yong and Dr. Tian Yu. The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the auditors of the Company. Based on this review and discussions with the management and the auditors, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 64 to 85 of this annual report.

AUDITOR

The consolidated financial statements of the Group for the Reporting Period have been audited by ZHONGHUI ANDA CPA LIMITED ("**ZHONGHUI ANDA**"), who will retire at the conclusion of the Annual General Meeting and, being eligible, will offer themselves for re-appointment. A resolution will be submitted to the Annual General Meeting to seek Shareholders' approval on the re-appointment of ZHONGHUI ANDA as the auditor of the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Corporate Governance Report, for the Reporting Period, the Group is not aware of any material non-compliance with any relevant legislation or regulations that materially affect the Group's business and operations.

By order of the Board
Xue Shouguang
Chairman of the Board

Hong Kong, 23 March 2024

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the Reporting Period.

CORPORATE CULTURE

The Group recognizes that a good corporate culture is necessary to support and complement its corporate governance efforts and corporate image, and has gradually developed a corporate culture emphasising on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group, in order to facilitate the long-term sustainability of the Group. To promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established anti-corruption and whistle-blowing policies, to provide guidance on identifying relevant breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's anti-corruption and whistle-blowing policies, please refer to the Environmental, Social and Governance report.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

During the Reporting Period and up to the date of this annual report, the Company has complied with the CG Code, except for the code provision C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following Mr. Xue Shouguang's appointment as an executive Director, the Chairman of the Board and the Chief Executive Officer on 18 July 2023, he has been assuming the dual roles of the Chairman and the Chief Executive Officer. The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer will ensure that the Company has consistent leadership and the ability to make and implement the overall strategy of the Company effectively. The Board believes that this structure does not compromise the balance of power and authority between the Board and the management of the Company. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Company's circumstances.

Following the re-designation of Mr. Fei Xiang from an independent non-executive Director to an executive Director on 8 January 2024, the Company did not meet the requirements of (i) having at least three independent non-executive Directors on the Board; (ii) having independent non executive Directors representing at least one-third of the Board; and (iii) having at least three members in the Audit Committee under Rules 3.10(1), 3.10A, and 3.21 of the Listing Rules, respectively. On 14 March 2024, following the appointments of Dr. Jin Yong and Dr. Tian Yu as independent non-executive Directors and members of the Audit Committee, the Company has re-complied with the said Listing Rules requirements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' dealing in the Company's securities.

Having made specific enquiry to all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

The Company has also adopted the Model Code as the standard of dealings in the Company's securities by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has reviewed the contribution of the Directors in respect of performing their responsibilities and the time they devoted to the Company.

Board Composition

The Board of the Company was comprised of the following Directors during the Reporting Period and up to the date of this annual report:

Executive Directors

Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer)*
(Appointed on 18 July 2023)
Ms. Zhao Yiqing
(Appointed on 18 July 2023)
Mr. Fei Xiang
(Appointed as an independent non-executive Director on 18 July 2023, and redesignated from independent non-executive Director to an executive Director on 8 January 2024)
Mr. Shi Banchao
(Resigned on 8 January 2024)
Mr. Wu Xiaohua
(Redesignated from executive Director to non-executive Director on 18 July 2023)
Mr. Song Hongtao
(Resigned on 6 January 2023)

Non-Executive Directors

Dr. Wu Fu-Shea
(Resigned as Chairman of the Board on 18 July 2023)
Mr. Wu Xiaohua
(Redesignated from executive Director to non-executive Director on 18 July 2023)
Mr. Chen Zhenping
Ms. Zhao Yue
(Resigned on 18 July 2023)

Independent Non-executive Directors

Mr. Yang Haifeng
Dr. Jin Yong
(Appointed on 14 March 2024)
Dr. Tian Yu
(Appointed on 14 March 2024)
Ms. Dan Xi
(Appointed on 6 January 2023 and resigned on 14 March 2024)
Mr. Fei Xiang
(Appointed as an independent non-executive Director on 18 July 2023, redesignated from independent non-executive Director to an executive Director on 8 January 2024)
Dr. Chen Wei
(Resigned on 18 July 2023)
Mr. Tu Xinchun
(Resigned on 6 January 2023)

The biographical information of the current Directors is set out in the section headed "Directors, Senior Management and Company Secretary" in this annual report. None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

During the Reporting Period, at least four Regular Board meetings involving active participation, either in person or through electronic means of communication, of a majority of Directors were held.

A summary of the attendance records of the Directors at the 9 Board meetings held during the Reporting Period is set out below:

Directors	Number of Attendance/ Number of Board Meetings Eligible to Attend
Executive Directors:	
Mr. Xue Shouguang *(Appointed on 18 July 2023)*	2/2
Ms. Zhao Yiqing *(Appointed on 18 July 2023)*	2/2
Mr. Fei Xiang *(Appointed as an independent non-executive Director on 18 July 2023, redesignated from an independent non-executive Director to an executive Director on 8 January 2024)*	2/2
Mr. Shi Banchao *(Resigned on 8 January 2024)*	8/9
Mr. Song Hongtao *(Resigned on 6 January 2023)*	1/1
Non-Executive Directors:	
Dr. Wu Fu-Shea	9/9
Mr. Wu Xiaohua *(Redesignated from an executive Director to a non-executive Director on 18 July 2023)*	9/9
Mr. Chen Zhenping	9/9
Ms. Zhao Yue *(Resigned on 18 July 2023)*	6/7
Independent Non-Executive Directors:	
Mr. Yang Haifeng	9/9
Ms. Dan Xi *(Appointed on 6 January 2023 and resigned on 14 March 2024)*	6/8
Dr. Chen Wei *(Resigned on 18 July 2023)*	7/7
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	0/1

Chairman and Chief Executive Officer

The Chairman is responsible for providing leadership for the Board, ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman also acts as the person who primarily responsible for drawing up and approving the agenda for each board meeting and will take into account any appropriate matters proposed by the other Directors for inclusion in the agenda. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established and encourage Directors' active contribution to the Board's affairs and provide an environment to Directors to voice their concerns. He also takes the lead to ensure that the Board acts in the best interest of the Company and promote a culture of openness and debate. The Chief Executive Officer generally focuses on the business and day-to-day management and operations of the Company.

The code provision C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following Mr. Xue Shouguang's appointment as an executive Director, the Chairman of the Board and the Chief Executive Officer on 18 July 2023, he has been assuming the dual roles of the Chairman and the Chief Executive Officer. The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer will ensure that the Company has consistent leadership and the ability to make and implement the overall strategy of the Company effectively. The Board believes that this structure does not compromise the balance of power and authority between the Board and the management of the Company. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Company's circumstances.

Independent Non-executive Directors

During the Reporting Period, save as disclosed in the above paragraph headed "Corporate Governance Practices", the Board met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received written annual confirmation from each of the independent non-executive Directors as at the end of the Reporting Period in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors as at the end of the Reporting Period independent.

Board Independence

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all independent non-executive Directors; and (iii) the Directors are entitled to seek, at the Group's expense, independent professional advice reasonably necessary for discharging their duties as Directors. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the mechanism and considered it to be effective. The Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors to discuss the Company's business.

The Board authorises the management to implement the business strategies and has formulated clear written guidelines which stipulate the circumstances where the management should report to and obtain prior approval from the Board before making decisions or entering into any contracts and commitments on behalf of the Group. The Board will conduct regular reviews on these authorisation and guidelines.

Appointment and Re-election of Directors

All Directors of the Company are appointed for a specific term. Each of the executive Directors and non-executive Directors is engaged on a service contract for a term of three years, which may be terminated by either party by not less than three months' written notice. Each of the independent non-executive Directors of the Company is appointed for a term of one year and renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by either party giving to the other not less than 3 months' prior notice in writing.

All the Directors of the Company are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

All Directors appointed during the Reporting Period has obtained legal advice pursuant to Rule 3.09D of the Listing Rules on the respective dates of their appointments and such Directors have confirmed they understood their obligations as Directors of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, and taking the lead in managing issues involving potential conflicts of interests.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

According to the code provision D.1.2 of part 2 of the CG Code, the management shall provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company has provided all members of the Board monthly updates of financial, compliance and operation matters to enhance the corporate governance of the Group and provide more adequate and complete information to the Board in a timely manner.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors.

For the Reporting Period and up to the date of this annual report, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

All the Directors named in the section headed "Board Composition" in this Corporate Governance Report confirmed that they have complied with the code provision C.1.4 of part 2 of the CG Code during the Reporting Period by participating in appropriate continuous professional development activities, and reading materials relating to regulatory updates and handouts or reviewing the papers and circulars sent by the Company.

The training records of the Directors for the Reporting Period are summarised as follows:

Directors	Types of Training Note
Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer) (Appointed on 18 July 2023)*	A+B
Ms. Zhao Yiqing *(Appointed on 18 July 2023)*	A+B
Mr. Fei Xiang *(Appointed as an independent non-executive Director on 18 July 2023, redesignated from independent non-executive Director to an executive Director on 8 January 2024)*	A+B
Mr. Shi Banchao *(Resigned on 8 January 2024)*	A+B
Mr. Song Hongtao *(Resigned on 6 January 2023)*	A+B
Dr. Wu Fu-Shea	A+B
Mr. Wu Xiaohua	A+B
Mr. Chen Zhenping	A+B
Ms. Zhao Yue *(Resigned on 18 July 2023)*	A+B
Mr. Yang Haifeng	A+B
Ms. Dan Xi *(Appointed on 6 January 2023 and resigned on 14 March 2024)*	A+B
Dr. Chen Wei *(Resigned on 18 July 2023)*	A+B
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	A+B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yang Haifeng, Dr. Jin Yong and Dr. Tian Yu. Mr. Yang Haifeng is the chairman of the Audit Committee.

The primary duties of the Audit Committee include ensuring that an effective financial reporting, risk management and internal control systems are in place and compliance of the Listing Rules, controlling the completeness of the Company's financial statements, selecting external auditors and assessing their independence and qualifications, and ensuring the effective communication between the internal and external auditors of the Group.

During the Reporting Period, the Audit Committee held 3 meetings to review, the interim and annual financial results and reports for the year/period under review, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment and change of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The Board, after consultation with the chairman of the Audit Committee, provides sufficient resources to the Audit Committee to enable it to discharge its duties.

These 3 meetings were held with the external auditors without the presence of the executive Directors.

The attendance records of the members of the Audit Committee during the Reporting Period are as follows:

Name of Members of the Audit Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Yang Haifeng	3/3
Dr. Jin Yong *(Appointed on 14 March 2024)*	N/A
Dr. Tian Yu *(Appointed on 14 March 2024)*	N/A
Ms. Dan Xi *(Appointed on 6 January 2023)*	3/3
Mr Fei Xiang *(Resigned as a member of the Audit Committee on 8 January 2024)*	2/2
Dr. Chen Wei *(Resigned on 18 July 2023)*	1/1
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	N/A

Remuneration Committee

The Remuneration Committee currently consists of two independent non-executive Directors, namely Mr. Yang Haifeng and Dr. Tian Yu, and one executive Director, namely Mr. Fei Xiang. Mr. Yang Haifeng is the chairman of the Remuneration Committee. Majority of the Remuneration Committee members are independent non-executive Directors.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, assessing the performance of executive Directors, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held 1 meeting during the Reporting Period to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management of the Company.

The Board, after consultation with the chairman of the Remuneration Committee, provides sufficient resources to the Remuneration Committee to enable it to discharge its duties.

The attendance records of the members of the Remuneration Committee during the Reporting Period are as follows:

Name of Members of the Remuneration Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Yang Haifeng	1/1
Dr. Tian Yu *(Appointed on 14 March 2024)*	N/A
Ms. Dan Xi *(Appointed on 6 January 2023 and resigned on 14 March 2024)*	1/1
Mr. Fei Xiang *(Appointed on 18 July 2023)*	N/A
Dr. Chen Wei *(Resigned on18 July 2023)*	1/1
Mr. Song Hongtao *(Resigned on 6 January 2023)*	N/A
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	N/A

The annual remuneration of senior management of the Company (whose biographies are set out on pages 35 to 38 of this annual report) by band for the Reporting Period is set out below:

Band of remuneration (RMB)	Number of individuals
0 – 750,000	5
750,001 – 1,500,000	4

Nomination Committee

The Nomination Committee currently consists of an executive Director and Chairman of the Board, namely Mr. Xue Shouguang, and two independent non-executive Directors, namely Dr. Jin Yong and Mr. Yang Haifeng. Mr. Xue Shouguang is the chairman of the Nomination Committee. Majority of the Committee members are independent non-executive Directors.

The primary duties of the Nomination Committee include assisting the Board in identifying suitable candidates for the Directors and making recommendations to the Board, assessing the performance of executive Directors, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the Board Diversity Policy of the Company, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The procedures for appointment, re-election and dismissal of Directors are set out in the Articles of Association.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held 1 meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting, and made recommendation to the Board on appointments of new Directors. The Board, after consultation with the chairman of the Nomination Committee, provides sufficient resources to the Nomination Committee to enable it to discharge its duties.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Xue Shouguang *(Appointed as the chairman of the Nomination Committee on 8 January 2024)*	N/A
Dr. Jin Yong *(Appointed on 14 March 2024)*	N/A
Ms. Dan Xi *(Appointed on 8 January 2024 and resigned on 14 March 2024)*	N/A
Mr. Yang Haifeng	1/1
Mr. Fei Xiang *(Appointed and resigned as the chairman of the Nomination Committee on 18 July 2023 and 8 January 2024 respective)*	N/A
Mr. Chen Zhenping *(Resigned as a member of the Nomination Committee on 8 January 2024)*	1/1
Dr. Chen Wei *(Resigned on 18 July 2023)*	1/1

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character, integrity and reputation;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules;

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- Board's succession planning and the Company's long term needs.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

The Nomination Committee will review the Director Nomination Policy to ensure its effectiveness.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and the ability to attract employees from the widest pool of available talents.

Pursuant to the Board Diversity Policy, the Nomination Committee will review the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile at least annually. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to pursue diversity at all levels and will consider a number of aspects, including but not limited to skills, professional experience, knowledge, age, gender, cultural and educational background, ethnicity and length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth. The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Corporate Governance Report

The following table shows the diversity profile of the Board as at the date of this annual report:

Name of Directors	Gender	Age	Date of appointment as Directors
Executive Directors:			
Mr. Xue Shouguang	Male	53	18 July 2023
Ms. Zhao Yiqing	Female	32	18 July 2023
Mr. Fei Xiang	Male	44	18 July 2023
Non-executive Directors:			
Dr. Wu Fu-Shea	Male	65	10 September 2021
Mr. Wu Xiaohua	Male	50	6 December 2018
Mr. Chen Zhenping	Male	47	1 March 2022
Independent non-executive Directors:			
Mr. Yang Haifeng	Male	49	26 August 2022
Dr. Jin Yong	Male	36	14 March 2024
Dr. Tian Yu	Male	59	14 March 2024

Under the Board Diversity Policy, the Company aims to maintain female representation in the Board and the composition of the Board satisfies the Board Diversity Policy goal.

The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management:

	Female	Male
As at the date of this annual report		
Board	11% (1)	89% (8)
As at 31 December 2023		
Board	22% (2)	78% (7)
Senior Management	44% (4)	56% (5)
Other employees	27% (134)	73% (356)
Overall workforce	28% (140)	72% (368)

Further details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company.

The Board considers that the diversity of the Board and Group's workforce (including senior management) in terms of gender are satisfied.

During the Reporting Period, the Nomination Committee had reviewed the Board Diversity Policy to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of part 2 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal control and risk management systems to safeguard the Group's assets and Shareholders' interests, and reviewing the effectiveness of the Group's internal control and risk management systems to ensure that the existing internal control and risk management systems are adequate. Such systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss and within the risk tolerance level set up by the Board.

The Company also has an internal audit function which primarily carries out the analysis and appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the executive directors and senior management informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner. The senior management is responsible for providing the Board with necessary financial, operational and compliance information through meetings and monthly management reporting mechanism.

Corporate Governance Report

During the Reporting Period and up to the date of this annual report, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls, risk management functions and environmental, social and governance ("**ESG**") risks, when applicable. The Board also considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and those relating to the Company's ESG performance and reporting adequate. The review was conducted through discussions with the Company's management, its external and internal auditors and the assessment performed by the Audit Committee. The Board, with the confirmation from the management, is of the view that throughout the Reporting Period, the risk management and internal control systems of the Group are effective and adequate.

During the Reporting Period and up to the date of this annual report, an experienced, competent and professionally qualified senior management member remained as the head of internal audit department of the Company for the purpose of further enhancing the independence and professional level of internal audit department. The head of internal audit is a member of Chinese Institute of Certified Public Accountants and is instructed and empowered by the Board to carry out on-going monitoring of the Company's risk management and internal control system independently.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and marketing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

- Divisions/departments conducted internal control assessments regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted to confirm that control policies are properly complied with by each division/department.

- The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

- The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department, with the assistance of the external internal control consultant firm examined key issues and material controls and provided its findings and recommendations for improvement to the Audit Committee.

- The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" in this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company (ZHONGHUI ANDA) in respect of audit and non-audit services for the Reporting Period is set out below:

Service Category	Fee paid/ payable (HKD)
Audit services	1,880,000
Non-audit services *(Note)*	250,000
Total	2,130,000

Note:

Non-audit services include review of the interim financial information of the Group for the six months ended 30 June 2023.

Corporate Governance Report

COMPANY SECRETARY

Ms. Yang Juan ("**Ms. Yang**") has tendered her resignation as the company secretary of the Company with effect from 20 June 2023.

Ms. Yang has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation which needs to be brought to the attention of the Stock Exchange and the Shareholders.

Subsequent to the resignation of Ms. Yang, Ms. So Ka Man ("**Ms. So**") of Tricor Services Limited, external service provider, has been appointed as the company secretary of the Company with effect from 20 June 2023. The primary contact person at the Company was Ms. Zhang Fengwei, Board Secretary.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

For the Reporting Period, Ms. So undertook not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

During the Reporting Period, the Company held two general meetings, being the annual general meeting held on 25 May 2023, and an extraordinary general meeting held on 24 October 2023. Details of individual attendance of each Director at the aforesaid general meetings are set out below:

Directors	Number of Attendance/ Number of Meetings Eligible to Attend
Executive Directors:	
Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer) (Appointed on 18 July 2023)*	1/1
Ms. Zhao Yiqing *(Appointed on 18 July 2023)*	1/1
Mr. Fei Xiang *(Appointed as an independent non-executive Director on 18 July 2023, redesignated from independent non-executive Director to an executive Director on 8 January 2024)*	1/1
Mr. Shi Banchao (Resigned on 8 January 2024)	2/2
Mr. Song Hongtao (Resigned on 6 January 2023)	N/A
Non-Executive Directors:	
Dr. Wu Fu-Shea *(Resigned as Chairman of the Board on 18 July 2023)*	2/2
Mr. Wu Xiaohua *(Redesignated from executive Director to non-executive Director on 18 July 2023)*	2/2
Mr. Chen Zhenping	2/2
Ms. Zhao Yue *(Resigned on 18 July 2023)*	0/1
Independent Non-Executive Directors:	
Mr. Yang Haifeng	1/2
Dr. Jin Yong *(Appointed on 14 March 2024)*	N/A
Dr. Tian Yu *(Appointed on 14 March 2024)*	N/A
Ms. Dan Xi *(Appointed on 6 January 2023 and resigned on 14 March 2024)*	1/2
Dr. Chen Wei *(Resigned on 18 July 2023)*	1/1
Mr. Tu Xinchun *(Resigned on 6 January 2023)*	N/A

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The objects of the meeting must be stated in the written requisition.

Putting Forward Proposals at General Meetings

If a Shareholder wishes to put forward proposals at a Shareholders' meeting, the Shareholder, who has satisfied the shareholding requirements set out in the above paragraph headed "Convening an Extraordinary General Meeting", may follow the same procedures by sending a written requisition to the Board or the Company Secretary. The Shareholder should state his/her proposals in the written requisition and submit the written requisition as early as practicable to enable the Board to make necessary arrangement.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholder may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 19/F, Skyworth Semiconductor Design Building, West Block, High-tech South 4th Road, Nanshan District, Shenzhen, Guangdong, the PRC

Email: ir@datamargin.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding on the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Reporting Period, the Company amended its Articles of Association on 25 May 2023. Details of the amendments are set out in the circular of the Company dated 24 April 2023. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed, promote effective communication with Shareholders and other stakeholders, encourage Shareholders to engage actively with the Company and enable Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness. During the Reporting Period, the Board had reviewed the policy and considered that the implementation of the policy was effective.

The Company has used the following methods to communicate with its shareholders:

- publication of announcements, interim reports and annual reports
- publication of key corporate governance policies on the Company's website
- holding of annual general meeting and other general meetings of the Company

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social and Governance ("**ESG**") Report presents our efforts and achievement made in sustainability and social responsibility. The ESG Report details our Group's performance in carrying out the environmental and social policies and fulfilling the principle of sustainable development.

ESG Governance Structure

Our Group is committed to incorporating ESG factors into our decision-making process and our daily operation. The ESG governance structure of our Group comprised the board of directors (the "**Board**") and the ESG working group (the "**ESG Working Group**").

The Board has overall responsibility for our Group's ESG governance, ESG strategy and reporting, as well as evaluating and managing our Group's ESG-related risks. The Board is also responsible for setting the ESG management approach, strategy, priorities and objectives and reviewing our Group's performance periodically against ESG-related goals and targets. The Board discusses and reviews our Group's ESG-related risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG Working Group.

The Board is also responsible for ensuring that appropriate and effective ESG risk management and internal control systems are in place. The ESG Working Group comprises of senior management from different departments of our Group. The ESG Working Group reports to the Board periodically and assists the Board to oversee the ESG-related issues and has the responsibility for collecting and analysing ESG data, implementing our Group's ESG strategy and policies, monitoring and evaluating our Group's ESG performance, and preparing ESG reports. The ESG Working Group meets regularly to discuss and review ESG-related issues including but not limited to the ESG policies and procedures and ESG-related performance.

The Scope of the ESG Report

The core businesses of our Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers. Unless stated otherwise, the ESG Report covers our Group's major operating revenue activities under direct management control. The ESG key performance indicator ("**KPI**") data are gathered and are shown in the ESG Report as well as supplemented by explanatory notes to establish benchmarks. Our Group will continue to assess the major ESG aspects of different businesses to determine whether they need to be included in the ESG reporting.

Reporting Standard

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

Environmental, Social and Governance Report

Reporting Period

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year ended 31 December 2023 ("**Reporting Period**", "**2023**").

Reporting Principles

The reporting principles of this ESG Report are governed by "**materiality**", "**quantitative**", "**balance**" and "**consistency**".

Materiality: The ESG Report has included the ESG factors that are sufficiently material to different stakeholders. Our Group's directors and senior management are mainly responsible for identification of key ESG factors on the basis of the feedback from the stakeholders. In order to determine the ESG factors that are relevant and material to our business with respect to sustainability, our Group is aware that the importance to understand the issues that our stakeholders concerned the most. Please refer the section headed "**Stakeholder Engagement**" for details of the main expectations and concerns of our key stakeholders and the corresponding management responses and the section headed "**Materiality assessment**" for details of the annual materiality assessment conducted by our Group to identify the key ESG issues that material and relevant to our Group's operation.

Quantitative: The data presented in this report have been examined. Summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are mainly referred to the ESG Guide.

Balance: This ESG Report was prepared based on an objective and impartial manner to ensure that the information provided an unbiased picture of the overall ESG performance of our Group.

Consistency: The methodologies and KPIs are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison, detail would be disclosed. There is no change in the collection and computation of data presented in this report as compared to the ESG Report for the previous reporting periods.

Review and Approval

The Board acknowledges its responsibilities for ensuring the integrity of the ESG Report and to the best of their knowledge, this report addresses all relevant material issues and fairly presents the ESG performance of our Group. The Board confirms that it has reviewed and approved the ESG Report.

Comments and suggestions from our stakeholders are welcome. You may provide comments on the ESG Report or towards our performance in respect of sustainable development via the following:

Address: 19/F, Skyworth Semiconductor Design Building, West Block, High-tech South 4th Road, Nanshan District, Shenzhen, Guangdong, the PRC

Email: ir@datamargin.com

Stakeholder Engagement

Understanding and taking actions towards stakeholders' concerns and expectations is essential towards our sustainability development. The engagement of stakeholders helps us recognise our sustainability performance. Therefore we have established appropriate communication channels so that comments and feedbacks from major stakeholders are effectively and timely addressed.

The following table summarises the main expectations and concerns of our key stakeholders and the corresponding management responses.

Stakeholders	Expectations	Management Responses/ Communication Channels
Government and Regulators	• Compliance with national policies, laws and regulation • Support for local economic growth • Tax payment in full and on time	• Regular information reporting • Meetings with regulators • Examination and inspection
Shareholders	• Returns • Compliance operations • Rise in company value • Transparency and effective communication	• General meetings • Announcements • Company website
Partners	• Operation with integrity • Equal Rivalry • Performance of contracts • Mutual benefits	• Business communication • Discussion and exchange of opinions • Engagement and cooperation
Customers	• Outstanding products and services • Performance of contracts • Operation with integrity	• Forums, talks, industrial events • Meetings with customers • Daily operation/communication
Environment	• Energy saving and emission reduction • Environmental protection	• ESG Reporting
Employees	• Protection of rights • Occupational health • Remunerations and benefits • Career development • Humanity cares	• Meetings with employees • Training and workshop • Employee activities
Community and the public	• Transparency	• Company website • Announcements • Interview with media • Social media platforms

Materiality Assessment

Our Group has conducted the annual materiality assessment to identify the key ESG issues that are important to our business. The objective of materiality assessment is to identify ESG issues that are material and relevant to our operation.

Identification

Reference is made to the ESG Guide to set ESG subject areas and aspects for all stakeholders' assessment. We obtain feedbacks from all stakeholders through the various communication channels.

Prioritisation

The identified ESG issues are then ranked and reviewed by the ESG Working Group in the materiality matrix based on consideration of their impact on our business financials and operations, environment, customers and community.

Verification

The findings are then reviewed by to the Board in order to confirm the material ESG issues are relevant and material to our Group for disclosure.

According to the results of the materiality assessment, the list below demonstrated the ESG issues with the level of materiality to the Group.

Materiality	ESG Issues
High materiality	Customer Privacy and Company Data Protection Intellectual Property Protection Customer Complaint Management Project Quality Management Employment practices and compliance Employee Retention Employee Health and Safety Labor Standards
Medium materiality	Staff Development and Training Business Ethics and Ethics Anti-Corruption Resource Use and Efficiency Supply Chain Management Energy Management Control emissions
Low materiality	Environmental Compliance Water Resources Management Waste Management Community Investment Climate Change Response Material Use and Packaging Environment and Natural Resources

Environmental, Social and Governance Report

A. ENVIRONMENTAL ASPECT

Aspect A1: Emissions

We do not operate in a highly polluting industry, and our production processes primarily involve system integration and software development. However, we regard environmental protection as an important corporate responsibility, and have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Group. We support the waste hierarchy of "3Rs" – Reduce, Reuse and Recycle – which is aims at waste control and minimisation. We have adopted the following measures to mitigate the emissions in our operations: (1) ensuring strict compliance with relevant laws and regulations in all commercial activities related to the emission of exhaust gases, greenhouse gases and waste management; (2) conveying the environmental management measures of energy conservation to all the staff of our Group in order to deepen their awareness of environmental protection; and (3) continuously monitoring the progress of environmental management measures to ensure compliance at all times. During the Reporting Period, we have not identified any material non- compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste such as the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) and the Environment Protection Law of the People's Republic of China (中華人民共和國環境保護法).

Air Emissions – Due to our business nature, we consider the relevant air emissions generated by our daily operations are not significant except for the vehicles used for maintaining our daily operation. However, we still strive to mitigate the exhaust gas generated from our business operation as much as possible. To reduce emission, we require all the users of our Company's vehicles to switch off the idling engine to avoid unnecessary emission.

During the Reporting Period, the quantitative information in relation to air emission of our Group is as follows:

Air Emission	**For the year ended 31 December 2023**
Nitrogen oxides (NO_x)	4.3 kg
Sulphur oxides (SO_x)	0.1 kg
Particulate matter (PM)	0.3 kg

Greenhouse Gas Emissions – Although we are not involved in energy-intensive businesses, normal office operation which is essential to maintain our professional services is still a source of greenhouse gas emission. As such, we exert ourselves to abide by the relevant laws and regulations and make our daily operation more environmentally friendly. In addition to the use of vehicles, which is a type of direct emission of greenhouse gas, indirect emission from processes such as electricity and paper consumption and business air travel of employees are the main sources of greenhouse gas emission from our operation. During the Reporting Period, the Group has set target to reduce total emission of greenhouse gases per employee (0.84 tonnes) over the next 3 years and total emission of greenhouse gases per employee for the year ended 31 December 2021 is set as the baseline year. We have adopted the following measures to mitigate greenhouse gas emissions: (1) posting up labels to promote electricity conservation on all types of electronic appliances, reminding employees to switch off any idle appliances and lighting, and to switch off conference equipment promptly after the end of the meeting; (2) implementing management control to monitor the use of vehicles; and (3) implementing management control to monitor business air travel of employees.

During the Reporting Period, the quantitative information in relation to greenhouse gases emission of our Group is as follows:

Greenhouse Gases Emission	**For the year ended 31 December 2023**
Direct Emission (Scope 1)	
– Fuel consumption of our vehicles	19.3 tonnes
Indirect Emission (Scope 2)	
– Electricity	120.0 tonnes
Indirect Emission (Scope 3)	
– Paper	0.9 tonnes
– Business air travels	55.8 tonnes
Total emission of greenhouse gases	196.0 tonnes
Total emission of greenhouse gases per employee	0.4 tonnes

Sewage Discharge – Due to our business nature, we generated no water pollutants commonly discharged from manufacturing processes and therefore our business activities did not generate material discharges into water during the Reporting Period.

Waste Management – We adhere to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. We maintain high standard in waste reduction, educates our employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development. Wastes are systematically collected and transported to designated disposal facilities. For surplus resources, e.g. end-of-life disposal products, we make every effort to ensure their responsible handling and disposal. Donation of surplus resources to charitable organisations is strongly supported.

Hazardous Waste – Due to our business nature, we did not generate significant amount of hazardous wastes during the Reporting Period.

Non-hazardous Waste – The non-hazardous wastes generated by our Group's operations mainly consist of daily office garbage produced by employees and solid waste derived from packaging material. We carry out waste classification with respect to the non-hazardous wastes. The non–hazardous wastes are collected by the cleaning company employed by the buildings where our offices are located. We carry out promotion and encourage our employees to carry out proper waste classification with respect to recyclable wastes (hardware equipment and other recyclable wastes), food wastes, hazardous wastes and other wastes. During the Reporting Period, our Group has set a target to reduce the amount of non-hazardous waste discarded per employee over the next three years and has set a benchmark of non-hazardous waste discarded per employee (6.53 kg) for the year ended 31 December 2021.

During the Reporting Period, the non-hazardous wastes generated by our Group is as follows:

	For the year ended 31 December 2023
Total non-hazardous wastes	6,199.0 kg
Non-hazardous waste discarded per employee	12.2 kg

Aspect A2: Use of Resources

Given that our business involves no production element, the use of resources by us, such as energy, water and other raw materials, in our day-to-day operations is minimal. As we are aware of our electricity, water and fuel consumption in the office environment (and from the use of our Group's vehicles), we will focus on ESG improvements in these areas. In our operations, we have adopted the following measures regarding the use of resources: (1) routine inspections; (2) green purchasing; (3) water management; (4) double-sided printing and recycling of waste paper; (5) save and recycle paper; (6) minimize or avoid using disposable paper cups; and (7) other measures (including the maintenance of green plants and promotion of paperless office).

Energy Consumption – We have formulated policies and procedures relating to environmental management. During the Reporting Period, the Group has set target to reduce electricity consumption per employee and fuel consumption per employee over the next 3 years and the relevant intensity performances for the year ended 31 December 2021 is set as the baseline year. Total energy consumption per employee for the year ended December 31, 2021 was 240.72 kWh and fuel consumption per employee was 2.13 liters. We have adopted the following measures to mitigate energy consumption: (1) reminding employees to switch off idle lights and computers when they leave the office; (2) reducing the standby time of office equipment such as computers, printers, copiers, etc. and; (3) using energy-saving lamps in office premises; (4) promoting the use of natural light and minimizing idle lighting in public areas; (5) pre-setting air conditioners to energy-saving temperatures, turn off the air conditioner when the temperature is suitable; and (6) turn off all electrical devices and unplug them before leaving work. During the Reporting Period, the total energy consumption of our Group is as follows:

Energy Consumption	For the year ended 31 December 2023
Total energy consumption	217,903.8 kWh
Direct energy consumption	76,447.4kWh
Indirect energy consumption	14,156.4kWh
Total energy consumption per employee	429.8kWh
Electricity consumption	141,456.4kWh
Electricity consumption per employee	279.0kWh
Fuel consumption	7,888.2Liters
Fuel consumption per employee	15.6Liters

Water Consumption – At present, the water consumption of the Group is limited to the use of drinking fountains and basic cleaning and sanitation in our offices. During the Reporting Period, the Group has set target to reduce water consumption per employee over the next 3 years and the water consumption per employee for the year ended 31 December 2021 is set as the baseline year. We have adopted the following measures to mitigate water consumption: (1) promoting the use of filtered water dispensers in offices to replace plastic bottled water; (2) promoting and encouraging our employees to conserve water; (3) reduce the supply of bottled water and paper cups, and encourage employees to bring their own water cups; and (4) reduce the supply of bottled water and instead provide reusable cups.

Water Consumption	For the year ended 31 December 2023
Water consumption	698.5m^3
Water consumption per employee	1.4m^3

During the Reporting Period, we had no issue in sourcing water that is fit for purpose.

Packaging Materials – As our Group has no industrial production or any factory facilities, we do not consume significant amounts of package materials for product packaging.

Aspect A3: The Environment and Natural Resources

Due to our business nature, our operations have little impact on the environment or natural resources apart from those mentioned in the previous section. While we do encourage our employees to practise the "3Rs" and to protect the natural environment, as this aspect has no material relevance to our business, we have opted not to report on it, and KPI A3.1 (concerning the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable.

Aspect A4: Climate Change

We recognize the importance of the identification and mitigation of significant climate-related issues, therefore, our Group is committed to managing the potential climate-related risks which may impact our business activities. Our Group has established risk management policy in identifying and mitigating different risks including climate-related risks. The Board meets regularly and discusses with the senior management to identify and evaluate climate-related risks and to formulate strategies to manage the identified risks. Since the core businesses of our Group are the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, the impact on the significant climate- related issues are of little significance for our operation.

Our Group has identified the material impacts on the Group's business arising from the following risks:

Risks of natural disasters

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt our operations by damaging the power supply, and communication infrastructures, and injuring our employees during their work, leading to reduced capacity and decreased productivity, or expose our Group to risks associated with non-performance and delayed performance. To minimize the potential risks and hazards, we take internal precautions to minimize effect of the extreme weather, such as checking electrical circuits regularly, closing doors and windows, reminding employees to turn off the appliance after work and pay attention to personal safety when working outdoor. At the same time, we have flexible working arrangements and precautionary measures during bad or extreme weather conditions.

Transition Risks

We anticipate that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, we acknowledge the increasing requirements of climate-related information disclosures. One of the examples is the recent update of the Stock Exchange's ESG Guide in respect of significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. Our Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputational risks, we regularly monitor existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the senior management where necessary to avoid cost increments, non-compliance fines and/or reputational risks due to delayed response.

B. SOCIAL

As a professional services company, talent and their capabilities are our greatest asset, and they are critical to the company's sustainability. We firmly believe that investing in our people and their development is inseparable from business development and continued success. Human resource is a solid foundation to support the development of our Group. We firmly believe that each employee plays an important role in providing a good service experience for customers. We are committed to providing a healthy, fulfilling and happy working environment that encourages communication, innovation, continuous learning and employee engagement. In terms of human resources, we have adopted the following measures: (1) maintaining excellent employment standards, from staff selection to staff growth and quality work experience; (2) building a diversified career development channel and competitive salary system through the rank system; and (3) focusing on building a cultural environment suitable for the growth of knowledge workers and creating a good learning organizational atmosphere.

Our human resources policy is in strict compliance with the labor law promulgated by the government and other laws and regulations concerning compensation, insurance, employment, equal opportunity, diversity, anti-discrimination, other treatment and benefits, promotion and dismissal of employees.

Aspect B1: Employment

Human resources are the foundation to support the development of our Group. We believe that every employee plays a vital role in executing a good service experience for our customers. We dedicate in offering a pleasant working environment that encourages communication, innovation, continuous learning and fosters employee engagement.

During the Reporting Period, we were not aware of any material non-compliance with employment–related laws and regulations that would have a significant impact on our Group such as the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法), the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法).

As at 31 December 2023, our Group had 507 full-time employees, the distribution of employees according to gender, age group and geographical region are as follows:

Employees	Percentage (%)
By Gender	
Male	72.4%
Female	27.6%
By Age Group	
Under 30 years old	60.4%
30–50 years old	38.1%
Over 50 years old	1.6%
By Geographical Region	
Mainland China	99.4%
Hong Kong	0.6%

During the Reporting Period, the Group's total employee turnover rate was approximately 74.9%. The table below shows the employee turnover rate by gender, age group and geographical region.

	Turnover Rate (%)
By Gender	
Male	69.0%
Female	88.8%
By Age Group	
Under 30 years old	82.8%
30–50 years old	67.1%
Over 50 years old	54.5%
By Geographical Region	
Mainland China	74.9%
Hong Kong	0.0%

Recruitment, Promotion and Dismissal – Employees' qualification, professional skills and experiences exert significant influence on the quality of services. In order to meet the needs of the business development for talents, in line with the principle of fairness and justice, and standardize and improve the recruitment mechanism to improve the efficiency and quality of recruitment, we adopt a robust and transparent recruitment process. We adhere to the principle of internal priority and give priority to our internal talents to provide them with development opportunities. In the case where our internal talent resources cannot meet our needs, we will carry out external recruitment. We motivate our staff to actively recommend excellent talents to join us.

We have implemented a rank system internally to help each employee to better understand his/her current position, provide each employee with a clearer promotion and development path and help each employee to better understand the ability requirements of each development path. In order to facilitate employees' promotion, department heads would discuss their performance through effective two-way communication. Any termination of employment contract should be based on reasonable, lawful grounds and internal policies, such as the employee handbook of our Group. We strictly prohibit any kind of unfair or illegitimate dismissals. For (a) those who seriously violate our system; (b) those seriously breach their duty; (c) those who continue to be in labor relationship with other employers while being our employee and affecting their work performance at our Group after being reminded by us to cease such labor relationship; (d) those who provide false information;(e) those who are held criminally liable; and (f) those who directly and intentionally cause us to lose business opportunities or use our resources to benefit themselves or others, we will consider terminating their employment in accordance with relevant laws and our employee handbook. For those who continue to have unsatisfactory job performance after training or job position adjustment, we will consider terminating their employment in accordance with relevant laws.

Remuneration and Benefits – Employees are a key resource for our continued growth and success, and we offer a market competitive compensation package that includes compensation and benefits to ensure we attract and retain the best talent. Firstly, we have a value-based and performance-based compensation system. Secondly, we formulate different salary strategies for different job positions every year according to the external market salary survey data. Finally, we regularly review the salary level every year to attract outstanding talents to join us and improve the salary competitiveness for our internal outstanding personnel through promotion and salary adjustment. We also provide comprehensive welfare plan for our employees, including social insurance, supplementary medical insurance, housing fund, annual physical examination, statutory holidays and other welfare.

Diversity and Equal Opportunity – Our diversity is shaped by the skills, experiences, perspectives, styles and characteristics of our employees (including but not limited to gender, age, marital or family status, race, cultural background, disability and religious beliefs). We recognize that these differences should be respected and will contribute to innovation, change and long-term growth of our business. We also recognize that advocating diversity creates value and more benefits for our customers and shareholders, such as higher efficiency, talent retention rate, broader skill mix and more abundant talent mix. For all these reasons, we are committed to providing an inclusive, equal and fair workplace that values, respects and promotes diversity in our Group.

We have adopted the following measures to avoid forced labor: (1) our Group adopts the principle of fairness and voluntariness and does not charge any referral fee or other fees from the applicants in the recruitment process; (2) the successful applicants shall negotiate and sign the labor contract with us; (3) our employees can ask for leave with the support of doctor certificate if they are sick; and (4) our employees can freely allocate their off hours and statutory holidays.

We have also adopted the following measures to avoid discrimination: (1) we do not discriminate nor interfere our employees on the basis of race, gender, nationality, disability and gender orientation; (2) we do not discriminate our employees in terms of employment, compensation and promotion on the basis of ethnicity, race, gender, age, religion, belief or disability; and (3) we adhere to the principle of equal pay for men and women. Women who meet the employment requirements for their work shall enjoy equal employment opportunities as men.

Working Hours and Rest Periods – We have organized occasional afternoon tea internally to help our employees relax during the working hours. In addition, we have adopted vacation and rest policies with terms better than the requirements under the national policies. When formulating the vacation and rest policies, we have taken into consideration the importance of our employees' physical and mental health and our objectives to actively attract talents to join us and to retain our employees. Our policies with respect to working hours and rest periods and the remuneration in relation to working hours and rest periods are in full compliance with the relevant employment laws.

Aspect B2: Health and Safety

We place great importance to the health and safety of our employees. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations that have a significant impact on our Group relating to providing a safe working environment and protecting employees from occupational hazards. We provide our employees with a safe and healthy working environment and formulate various safety management measures, such as potential accident investigation and management system. In addition, we have implemented other discretionary policies, including: (1) providing good working conditions, such as reasonable working space and easy-to-use meeting systems; (2) promoting flexible working hours; (3) providing a clean, tidy and hygienic workplace; (4) equipped our offices with first-aid medicine kits which are to be replenished regularly; (5) providing fitness equipment in the designated areas in our offices; and (6) carrying out indoor or outdoor activities regularly and organising various associations, etc.

Our Group has not recorded any work-related fatalities occurred in each of the past three years including the year of the Reporting Period. During the Reporting Period, our group has 33 lost working days due to work-related injuries. Besides, there was no claims or compensation for our employees due to such incidents, and no significant violations of laws and regulations relating to employees' health and safety matters during the Reporting Period.

We have established a work injury management response team to respond to potential work injury cases in the first instance. The work injury management response team is responsible for following up medical assistance for employees' work injuries, coordinating medical insurance and social insurance reporting of work injuries, etc. In addition, we provide supplemental commercial insurance and annual body check for employees and develop specific health checkup programs based on industry characteristics and employees' health conditions to protect employees' health and actively improve health welfare services.

Aspect B3: Development and Training

We regard our staff as the most important asset and resource as they help to sustain our core values and culture. The training and development of personnel is of utmost importance to the management of our Group. As our business continues to grow, it is crucial that we build a sustainable workforce and continue to develop a team of employees who keep up with emerging technologies and deliver solutions that meet the fast-changing requirements of our customers. We have adopted the following measures in relation to development and training: (1) developing our annual training plan; (2) establishing our internal learning platform; (3) focusing on internal knowledge sharing and organizing internal knowledge sharing regularly and from time to time, which involves all aspects of our business operation, such as project completion sharing and business product introduction, etc.; (4) providing induction training for our new employees to introduce our corporate culture to them and help them adapt to our corporate environment by sharing with them videos which show our service standards and procedures; and (5) when internal training cannot fully meet the personal development needs of employees, sending our employees to external training institutions or abroad to study and improve.

During the Reporting Period, the percentage of employees trained by gender and employee category and the average training hours completed per employee by gender and employee category are as follows:

Percentage of employees trained	100.0%
The percentage of employees trained by gender	
Male	58.2%
Female	41.8%
The percentage of employees trained by employee category	
Management	2.8%
Non-management	97.2%
Average training hours for employees	6 Hours
The average training hours completed per employee by gender	
Male	5 Hours
Female	6 Hours
The average training hours completed per employee by employee category	
Management	6 Hours
Non-management	6 Hours

Aspect B4: Labour Standards

Our Group strictly prohibits the employment of minors or engagement of child labour activities as defined by laws and regulations. Once discovered, our Group will commence a thorough investigation and immediately dismiss the relevant employees. As a means to avoid employing child labour, all newly employed staff is required to provide identification documents for age verification purpose. We have adopted the following measures in relation to labour standards: (1) incorporation of guidelines concerning forced and child labour in employment practices, which expressly requires that no employee under the age of 18 should be employed; (2) consistent verification of compliance with the latest legal development; and (3) whistleblower protection to record any illegal activities. Our Group strictly complies with laws and conducts recruitment according to relevant laws and regulations. We will also continue to review the measures on recruitment practices to avoid child labour and forced labour. We prohibit any punishments, management methods and behaviours involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc. against the employees for any reason. During the Reporting Period, no incidents of child and forced labour were reported or discovered.

Our Group has an active whistleblower policy and encourages individuals to come forward in complete privacy and without penalty to report potential incidents of abuse or illegality. We are committed to upholding our business ethics and corporate governance standards, effectively preventing our operation and management risk, timely monitoring and reporting any internal violations by our employees and ensuring that we operate in accordance with the laws and regulations.

Aspect B5: Supply Chain Management

Our Group understands the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of our suppliers, we have adopted the following measures in relation to supply chain management: (1) prohibiting commercial bribery to create a fair, just and non-corrupt cooperation atmosphere; (2) establishing a reporting channel to allow our suppliers to communicate complaints, feedback, suggestion and supervision; and (3) ensuring confidentiality and requiring our suppliers to sign the agreement with us and agree to the confidentiality clause therein such that both parties agree not to disclose any information in relation to the cooperation to third parties in order to protect our business secrets. We negotiate with our suppliers on a mutual genuine, and full basis and cooperate with them for mutual benefits.

To ensure that our suppliers meet the quality, environmental and safety standards of our customers, we select suppliers based on the following criteria: qualification, technical capability, business capability, product and service quality and environmental impact. After comprehensive evaluation and selection, we have a list of qualified suppliers to supply products and/or services to our Group. In addition, our Group also evaluates the qualifications and service levels and standards of our suppliers comprehensively before making a decision on whether to cooperate with them or not and the extent of cooperation based on the results of our evaluation. For those suppliers who fail to meet our requirements, we will cease cooperation with them. We will make a decision on whether to cooperate with them again by re-evaluating whether they are able to meet our requirements after they have carried out rectification measures. During the Reporting Period, all suppliers engaged by the Group has been reviewed through the said procedures. Our Group also regularly monitors environmental and social risks at each part of the supply chain, including understand and identify related risks through close communication with suppliers.

The number of supplier breakdown by geographical region are as follows:

Mainland China	264
Hong Kong	23

Note: The number of suppliers refers to the number of enterprises that are active suppliers in the supplier database, and the geographical region refers to the place where the supplier is registered.

We have established systems to ensure fair and sustainable development of procurement activities and ensure equal competition among suppliers. Our Group strictly monitors all procurement activities, opens channels for complaints and reports, cracks down on various forms of commercial bribery, prevents conflicts of interest, and prevents any stakeholders from participating in procurement activities.

Aspect B6: Product Responsibility

As an enterprise-level big data and artificial intelligence technology and service provider in the PRC, achieving and maintaining high product and service quality is crucial to our sustainable development. In terms of product liability, we have adopted the following measures: (1) establishing and implementing a formal quality management system in all aspects of project implementation; (2) introducing after-sales service policies on our products and services, mainly focusing on technical advice and vulnerability repair requests; (3) placing an emphasis on the importance of the management of product intellectual property rights by establishing a product intellectual property management system to improve the Group's independent innovation system, and enhance employees' awareness of intellectual property protection through training and other means; and (4) establishing a sound process for dealing with and handling customer complaints. During the Reporting Period, to the best of the Board's and management's knowledge, our Group was not aware of any products and service-related complaints received. While focusing on the challenges and pressures faced by our customers, we provide high quality artificial intelligence solutions and services to meet the business needs of our customers. Meanwhile, we also comply with the internationally recognized quality standards and have successfully renewed the ISO9000 and CMMI5 quality management system certifications. We always enter into contracts with our customers with contract terms concerning project quality and carry out periodic test and inspection according to such project quality terms to ensure that the corresponding products and services meet the standards and requirements of our customers. During the Reporting Period, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on our Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. We have not received any complaints about our Group's products and services.

Intellectual Property Protection – In order to promote our product innovation and protect various research and development results from infringement, we have established the intellectual property rights protection policies and implementation procedures in the product development process in strict accordance with the Patent Law of the People's Republic of China (中華人民共和國專利法), the Trademark Law of the People's Republic of China (中華人民共和國商標法), the Copyright Law of the People's Republic of China (中華人民共和國著作權法), the Regulations on the Protection of Computer Software (計算機軟件保護條例), Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) and other regulations and standard documents, to perform the product invention, management and protection of intellectual property rights all in all. We also strive to cultivate our staff's awareness of protection of intellectual property rights through trainings, so as to comprehensively strengthen our Company's overall capabilities of protection of intellectual property rights and pave our road for further innovation and development.

As at 31 December 2023, we have registered 90 trademarks, granted 40 invention patents and obtained 148 computer software copyright registrations.

Product Health and Safety – Although we are not involved in the manufacturing of hardware, we strictly follow the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) when selecting and purchasing products. We always set up contract terms regarding product quality with suppliers to ensure that the corresponding products have passed necessary testing and attained certain industrial standards. There were no incidents of recalls on products and services due to safety and health reasons during the Reporting Period, and that KPI B6.1 is not applicable as our core business does not involve safety and health risks.

Advertising and Labelling – Due to our business nature, our Group has limited risk of non- compliance in advertising and labelling. In our dealings with clients, providing complete, true, accurate, clear information and complying with all relevant laws and regulations regarding the proper advertising are utmost important for our Group.

Privacy Protection – We have implemented measures to comply with relevant laws and regulations on data protection and privacy of our business operations. When signing the employment contract with us, our employees shall also sign the employee confidentiality agreement and the professional ethics and confidentiality undertaking. No employee is allowed to disclose technical secrets, business secrets, etc. Employees are generally required to carry out product development or provide technical services at our customers' locations. If necessary, prior to the commencement of the project, our employees are required to sign non-disclosure agreements or confidentiality undertakings as required by our customers. Generally, we use the computer equipment, intranet and computer room of our customers when we access the data of our customers. We do not collect or store any confidential information regarding our customers.

Furthermore, we have established the ISO27001 information security management system and set up the information security management committee in order to ensure the security of our trade secrets, customer information and other confidential information relating to our business. The information security management team is responsible for coordinating any information security– related events, identifying security trends, and planning and monitoring information security. The information security response team is also responsible for investigating and dealing with information security incidents, including but not limited to system failures, information leaks, unauthorized access, hackers, viruses and other incidents that threaten daily operations. They are also responsible for conducting regular internal audits to ensure that information security is in good working order, and to monitor and correct issues identified. We have developed information security management procedures, the scope of influence of which will be divided into four levels based on the nature and severity of the information security incidents, and the information security incidents are investigated and dealt with accordingly. It is the responsibility of our employees to report suspicious security incidents to their supervisor in accordance with our information security management procedures. Any employee who violates our information security management procedures will be published depending on our potential loss and impact on operations, with our measures including verbal warnings, written warnings, administrative penalties and legal action.

Aspect B7: Anti-corruption

Our Group strives to achieve high standards of ethics in our business operations and does not tolerate any corruptions, frauds, extortion, money laundering and all other behaviors violating work ethics. Unethical or illegal events such as corruption, bribery, and collusion are strictly prohibited. We have adopted the following measures in relation to anti-corruption: (1) implementation of the anti-corruption and bribery requirements in our staff handbook; and (2) reporting procedures and whistleblower protection measures. We are committed to conducting our business with honesty and integrity and in compliance with the relevant laws and regulations. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or inducements to any person, including public officials. We stipulate the disciplinary code and code of conduct in our employee handbook and encourage employees to report any suspected misconduct. It is our policy to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to corruption and bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

We have adopted a whistleblower policy to strongly encourage individuals to come forward in complete privacy and without penalty for all levels and operations. Staff can raise concerns, confidence, about possible improprieties such as misconduct and malpractice in any matter related to our Group. Reports made by employees will be handled fairly consistently, and expeditiously. All reports will be handled with appropriate confidentiality. The results of the investigation will be notified to the relevant employees in accordance with appropriate channels. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimization and unwarranted disciplinary actions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under the anti-corruption and anti-bribery policies of our Group, even if they turn out to be mistaken. Where there are new laws and regulations that may impact our business, all employees will be provided updates with training or summary training memos through email and our internal control policies and measures will be updated accordingly to ensure compliance. During the Reporting Period, we were not aware of any breach of laws and regulations in relation to bribery, extortion, fraud and money laundering that had a significant impact on our Group, such as the Regulations of the People's Republic of China for Suppression of Corruption (中華人民共和國懲治貪污條例). During the Reporting Period, there was no legal case regarding corrupt practices brought against our Group or our employees.

Aspect B8: Community Investment

Our Group is committed to making a positive impact on our internal and external stakeholders, as well as the communities we interact with through active social or philanthropic investments. As part of our Group's strategic development, we are committed to supporting social participation and contribution through public means, and to nurture the corporate culture and practices of corporate citizen in our daily operation. We have adopted the following measures in relation to community investment: (1) defining the nature and extent of involvement in the communities where the corporation has operations to ensure that our Group's business activities are conducted with due regard to the interests of the community; and (2) periodic assessment of success, regarding philanthropic initiatives. We encourage employees to care for and spend time on the local communities through participating in all kinds of social activities such as attending local community activities and charitable donations. Employees are also encouraged to participate in environmental protection activities and promote environmental awareness within our Group.

中汇 ZHONGHUI

To the Shareholders of Ruihe Data Technology Holdings Limited
(formerly known as Suoxinda Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ruihe Data Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 109 to 219, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB109,009,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of approximately RMB7,383,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Trade and bill receivables and contract assets

Refer to Notes 17 and 18 to the consolidated financial statements

The Group tested the amount of trade and bill receivables and contract assets for impairment. This impairment test is significant to our audit because the balance of trade and bill receivables and contract assets of approximately RMB104,285,000 and RMB71,702,000 respectively as at 31 December 2023 and the expected credit losses on trade and bill receivables and contract assets of approximately RMB14,651,000 and RMB10,539,000 respectively for the year ended 31 December 2023 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Checking the computation of the amounts of expected credit loss allowances;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers.

We consider that the Group's impairment test for trade and bill receivables and contract assets is supported by the available evidence.

Property and equipment, intangible assets and right-of-use assets

Refer to Notes 13, 14 and 15 to the consolidated financial statements

The Group tested the amount of property and equipment, intangible assets and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property and equipment, intangible assets and right-of-use assets of approximately RMB19,255,000, RMB80,831,000 and RMB14,354,000 respectively as at 31 December 2023 and the impairment loss on property and equipment, intangible assets and right-of-use assets of approximately RMB3,100,000, RMB12,000,000 and RMB2,700,000 respectively for the year ended 31 December 2023 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates); and
- Checking input data to supporting evidence.

We consider that the Group's impairment test for property and equipment, intangible assets and right-of-use assets is supported by the available evidence.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

Zhonghui Anda CPA Limited
Certified Public Accountants

Li Chi Hoi
Audit Engagement Director
Practising Certificate Number P07268
Hong Kong, 23 March 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	5	**367,945**	377,126
Cost of sales		**(320,818)**	(287,787)
Gross profit		**47,127**	89,339
Selling expenses		**(19,584)**	(24,822)
Administrative expenses		**(55,597)**	(99,606)
Research and development expenses		**(33,238)**	(39,580)
Expected credit losses ("ECLs") on financial and contract assets	17, 18, 19	**(27,269)**	(24,397)
Impairment loss on property and equipment	13	**(3,100)**	(4,756)
Impairment loss on intangible assets	14	**(12,000)**	(15,491)
Impairment loss on right-of-use assets	15	**(2,700)**	(3,753)
Fair value change of financial liabilities at fair value through profit or loss ("FVTPL")	32	**(2,681)**	(1,981)
Other income	6	**6,107**	9,318
Other losses, net	6	**(750)**	(6,781)
Operating loss		**(103,685)**	(122,510)
Finance income	9	**234**	41
Finance costs	9	**(7,712)**	(8,083)
Finance costs, net	9	**(7,478)**	(8,042)
Share of (losses)/profits of associates	20	**(16)**	1,043
Loss before income tax	7	**(111,179)**	(129,509)
Income tax credit	10	**2,170**	5,487
Loss for the year		**(109,009)**	(124,022)
Attributable to:			
Owners of the Company		**(109,233)**	(128,192)
Non-controlling interests	35	**224**	4,170
		(109,009)	(124,022)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Loss for the year		**(109,009)**	(124,022)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
– Currency translation differences		**(2,379)**	1,024
Total comprehensive loss for the year, net of tax		**(111,388)**	(122,998)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(111,612)**	(127,168)
Non-controlling interests	35	**224**	4,170
		(111,388)	(122,998)
Loss per share for loss attributable to owners of the Company:			
Basic and diluted loss per share (RMB cents)	11	**(18.8)**	(30.9)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property and equipment	13	**19,255**	30,508
Intangible assets	14	**80,831**	95,795
Right-of-use assets	15	**14,354**	17,023
Investment in associates	20	**14,761**	19,245
Deposit paid for acquisition of additional interests in a subsidiary		**3,465**	3,465
Deferred tax assets	26	**8,853**	8,427
		141,519	174,463
Current assets			
Trade and bill receivables	17	**104,285**	82,322
Contract assets	18	**71,702**	124,840
Prepayments	19	**5,561**	1,604
Other receivables	19	**6,819**	12,322
Pledged bank deposits	21	**1,005**	221
Cash and cash equivalents	21	**113,257**	15,111
		302,629	236,420
Total assets		**444,148**	410,883
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	**5,950**	4,153
Other reserves	23	**414,975**	293,863
Accumulated losses		**(325,086)**	(215,257)
		95,839	82,759
Non-controlling interests	35	**21,468**	20,754
Total equity		**117,307**	103,513

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	**6,149**	4,393
Deferred tax liabilities	26	**680**	852
Bank and other borrowings	27	**10,000**	2,461
		16,829	7,706
Current liabilities			
Trade payables	24	**91,594**	74,320
Accruals and other payables	25	**43,976**	70,360
Contract liabilities	18	**997**	1,907
Current income tax liabilities		**2,046**	3,542
Amounts due to directors	31(b)	**–**	25,053
Lease liabilities	28	**5,207**	3,371
Bank and other borrowings	27	**166,192**	79,130
Financial liabilities at FVTPL	32	**–**	41,981
		310,012	299,664
Total liabilities		**326,841**	307,370
Total equity and liabilities		**444,148**	410,883
Net current liabilities		**(7,383)**	(63,244)
Total assets less current liabilities		**134,136**	111,219

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 109 to 219 were approved and authorised for issue by the Board of Directors on 23 March 2024 and are signed on its behalf by:

Xue Shouguang
Director

Zhao Yiqing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 22)	Share premium RMB'000 (Note 23)	Reserves RMB'000 (Note 23)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 35)	Total equity RMB'000
Balance at 1 January 2022	3,597	130,040	83,529	(79,472)	137,694	16,476	154,170
Comprehensive (loss)/income							
(Loss)/ profit for the year	–	–	–	(128,192)	(128,192)	4,170	(124,022)
Other comprehensive loss							
Currency translation differences	–	–	1,024	–	1,024	–	1,024
Total comprehensive income/(loss) for the year	–	–	1,024	(128,192)	(127,168)	4,170	(122,998)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	500	51,197	–	–	51,697	–	51,697
Issuance of awarded shares (Note 22(i))	56	–	(56)	–	–	–	–
Share- based payments (Note 23(ii))	–	–	20,536	–	20,536	–	20,536
Deemed disposal of a subsidiary (Note 30)	–	–	–	–	–	108	108
Transfer to statutory reserve (Note 23(iii))	–	–	7,593	(7,593)	–	–	–
	556	51,197	28,073	(7,593)	72,233	108	72,341
Balance at 31 December 2022	4,153	181,237	112,626	(215,257)	82,759	20,754	103,513

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 22)	Share premium RMB'000 (Note 23)	Reserves RMB'000 (Note 23)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 35)	Total equity RMB'000
Balance at 1 January 2023	4,153	181,237	112,626	(215,257)	82,759	20,754	103,513
Comprehensive (loss)/income							
(Loss)/ profit for the year	-	-	-	(109,233)	(109,233)	224	(109,009)
Other comprehensive income							
Currency translation differences	-	-	(2,379)	-	(2,379)	-	(2,379)
Total comprehensive (loss)/income for the year	-	-	(2,379)	(109,233)	(111,612)	224	(111,388)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(iii))	1,797	125,597	-	-	127,394	-	127,394
Share- based payments (Note 23(ii))	-	-	(2,702)	-	(2,702)	-	(2,702)
Capital contribution to a subsidiary by non-controlling interests	-	-	-	-	-	490	490
Transfer to statutory reserve (Note 23(iii))	-	-	596	(596)	-	-	-
	1,797	125,597	(2,106)	(596)	124,692	490	125,182
Balance at 31 December 2023	5,950	306,834	108,141	(325,086)	95,839	21,468	117,307

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash used in operations	29	**(38,445)**	(20,826)
Income tax refunded/(paid)		**76**	(480)
Net cash used in operating activities		**(38,369)**	(21,306)
Cash flows from investing activities			
Purchase of intangible assets		**(15,068)**	(40,541)
Payment for property and equipment		**(1,707)**	(2,524)
Proceeds from disposal of property and equipment	29	**140**	370
Proceeds from disposal of intangible assets		**15**	–
Repayment of advances to/(investment and advances) to associates		**6,130**	(9,130)
Net cash inflow arising on disposal of financial assets at FVTPL	20(ii)	**612**	–
Net cash inflow arising on deregistration of an associate	20(i)	**30**	–
Net cash inflow arising on disposal of an associate	20(ii)	**2,448**	–
Net cash outflow arising on deemed disposal of a subsidiary	30	**–**	(13)
Payment for acquisition of a subsidiary	25	**(1,574)**	–
Interests received	9	**234**	41
Net cash used in investing activities		**(8,740)**	(51,797)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Proceeds from issues of shares	22	**131,163**	52,238
Shares issues expenses paid	22	**(3,769)**	(541)
Interests paid		**(7,128)**	(6,828)
Decrease/(increase) in pledged bank deposits and other deposits	29	**216**	(1,500)
Capital contribution to a subsidiary by non-controlling interests		**490**	–
Deposit paid for acquisition of additional interests in a subsidiary		**–**	(3,465)
Proceeds from issuance of financial liabilities at FVTPL	32	**–**	40,000
Interest paid on financial liabilities at FVTPL		**(3,653)**	–
Repayment on financial liabilities at FVTPL		**(20,000)**	–
Repayment of lease liabilities	29	**(4,011)**	(16,747)
Advances from directors	29	**15,000**	95,528
Repayment of advances from directors	29	**(35,263)**	(121,695)
Repayment of advances from a substantial shareholder	29	**–**	(3,000)
Proceeds from other borrowings	29	**129,000**	11,000
Repayment of other borrowings	29	**(55,533)**	(3,003)
Proceeds from bank borrowings	29	**81,688**	112,180
Repayment of bank borrowings	29	**(80,554)**	(88,894)
Net cash generated from financing activities		**147,646**	65,273
Net increase/(decrease) in cash and cash equivalents		**100,537**	(7,830)
Cash and cash equivalents at beginning of the year		**15,111**	21,955
Effect of currency translation differences		**(2,391)**	986
Cash and cash equivalents at end of the year		**113,257**	15,111

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Ruihe Data Technology Holdings Limited (the "Company") is a limited company incorporated in the Cayman Islands on 6 December 2018 as an exempted company. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands.

On 27 October 2023, the Company has formally changed its name from "Suoxinda Holdings Limited" to "Ruihe Data Technology Holdings Limited". The Board of Directors is of the view that the new name of the Company is more suitable for the Group's strategic direction focus, enhances the Company's corporate image and market recognition, better demonstrates the Group's strength and characteristics in the field of data intelligence and marketing business, and creates long term value for the Group and its shareholders in line with market expectation.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are engaged in provision of data solutions, sales of hardware and software and related services as an integrated service, information technology ("IT") maintenance and support services and trading of commodities.

The Company listed its shares on Main Board of The Stock Exchange of Hong Kong Limited on 13 December 2019.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000).

2 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and related interpretations. The consolidated financial statements have been prepared under the historical cost convention, except for the financial liabilities at fair value through profit or loss, which is carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(a) Going Concern Basis

The Group incurred a loss of approximately RMB109,009,000 for the year ended 31 December 2023 and as at 31 December 2023 the Group had net current liabilities of approximately RMB7,383,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis. The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(i) Two directors of the Company, Mr. Xue Shouguang and Mr. Chen Zhenping, and a shareholder of the Company, Mr. Sun Dexin, will provide the loan financing funding support amounted to RMB50,000,000, RMB30,000,000 and RMB20,000,000 respectively, within 18 months from the date of the letter, i.e. 1 March 2024.

(ii) The Group is negotiating with the counterparties to renew the existing loans from them as set out in Note 27 to the consolidated financial statements.

Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

(b) Adoption of new and revised IFRSs

In the current year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise IFRS, IAS and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the consolidated financial statements of the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statements of changes in equity and statements of financial position, respectively.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The non-controlling interest is recognised in equity to the extent that the risks and rewards of ownership substantially remain with the non-controlling interest during the contract period. Where all of the risks and rewards of ownership have transferred to the Group, the non-controlling interest is not recognised.

The non-controlling interests in the subsidiary are initially measured at their acquisition-date fair value.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial information exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors of the Company who make strategic decisions.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong Dollar ("HKD") while the consolidated financial statements are presented in RMB, which the management of the Group considers that it is more beneficial for the users of the consolidated financial statements.

(b) *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "other losses, net".

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- capital balances for each consolidated statement of financial position presented are translated at the historical rate at the transaction date;

- all other assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the period-end date;

- income and expenses for each consolidated statement of comprehensive income are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income and included within the exchange reserve.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

On the disposal of the Group's entities, or a disposal involving loss of control over a subsidiary, all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the Company's equity holders are reclassified to the profit or loss.

2.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged in profit or loss during the years in which they are incurred.

Depreciation of property and equipment are calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Building	20 years or over the unexpired lease period of leasehold land, whichever is shorter
Furniture, fittings and equipment	3 to 5 years
Motor vehicles	4 to 5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts of the relevant assets and are recognised within "other losses, net" in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(a) Computer software

Computer software is stated at cost less accumulated amortisation and impairment. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of one to five years using the straight-line method.

(b) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(c) Research and development expenditures

Costs associated with research and development are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(c) Research and development expenditures (Continued)

- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised include the software development employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised when the asset is ready for use.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(d) Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. Customer relationship is carried at cost less accumulated amortisation and amortisation is calculated using the straight-line method to allocate the cost of customer relationship over 7 years.

(e) Backlog orders

Backlog orders acquired in a business combination are recognised at fair value at the acquisition date. The secured contracts have a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts of 2 years.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is managed. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See Note 16 for details of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented in "other losses, net".

- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "other losses, net" in the period in which it arises.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.3 Impairment

The Group has five types of assets subject to IFRS 9's expected credit loss model:

- Trade and bill receivables;
- Contract assets;
- Other receivables;
- Pledged bank deposits; and
- Cash and cash equivalents

For trade and bill receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

For cash and cash equivalents and pledged bank deposits, it is also subject to the impairment requirements under IFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of the Mainland China (Note 3.1(b)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.4 Derecognition

Financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Other financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Financial liabilities at FVTPL

Financial liabilities that are designated at FVTPL are initially recognised and are subsequently remeasured to their fair value at the end of each reporting period. The amount of change in the fair value of the financial liability at FVTPL that is attributable to changes in the credit risk of that liability is recognised 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. Changes in the fair value of financial liabilities not attributable to changes in credit risk are recognised immediately in profit or loss and are included in the consolidated statement of comprehensive income.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 2.10.3 and are reclassified to receivables when the right to the consideration has become unconditional.

2.14 Trade and bill receivables and other receivables

Trade and bill receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and bill receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and bill and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.10.3 for a description of the Group's impairment policy for trade and bill and other receivables.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.

2.16 Pledged bank deposits

Pledged deposits represented fixed deposits pledged to the bank for bank borrowings.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company, its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Inside basis differences (Continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and when there is an intention to settle the balances on a net basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions

Provisions are only recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Employee social security and benefits obligations

The Group companies in the Mainland China participate in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the Mainland China. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may transfer over time or at a point in time.

Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- Direct measurements of the value transferred by the Group to the customer; or

- The Group's efforts or inputs to the satisfaction of the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a practical expedient, the Group does not adjust any of the transaction prices for the time value of money.

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group is a principal who obtains control any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then consolidates with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Data solutions

Data solutions refer to data-driven operation services, including software development, data analysis, system integration and customisation, integration, storage, cleaning and processing of data and consulting services etc. Services are provided to the customers under separate contracts.

Revenue from data solutions is recognised when the Group has provided the promised service. The customer simultaneously receives and consumes the benefits provided by the Group over the period. The performance obligation is satisfied over time which is usually within one year with reference to the Group's inputs to the satisfaction of the performance obligation of the projects.

(b) Sales of hardware and software and related services as an integrated service

The Group provides multiple deliverables to customers, including on-site investigation, assessment of system specification and requirement, sales of hardware and software (including self-developed products), installation of equipment and software. It is accounted for as a single performance obligation since the Group provides an integrated service.

Revenue rendering from the sales of hardware and software and related services are recognised at a point when the sales and the related services are completed without further unfulfilled obligation.

(c) IT maintenance and support services

The provision of the IT maintenance and support services mainly includes the information technology integration services to the customer. Revenue from IT maintenance and support services is recognised in the accounting period when the Group provides the service and all of the benefits are received and consumed simultaneously by the customer throughout the contract period. Thus, the Group satisfies a performance obligation and recognises revenue over time with reference to the actual service period passed relative to the total contract period and the Group has present right to payment.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

(d) Trading of commodities

Revenue rendering from the sales of commodities are recognised at a point when the commodities are delivered to customers without further unfulfilled obligation.

2.25 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.27 Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Properties	3 to 5 years
Equipment	5 years

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of equipment lease.

2.28 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its bank and other borrowings, lease liabilities, cash and cash equivalents and pledged bank deposits. Except for some bank and other borrowings and lease liabilities which are entitled to fixed interest rates and expose the Group to the fair value interest rate risk, other bank borrowings, cash and cash equivalents and pledged bank deposits are carried at variable rates.

As at 31 December 2023, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, post-tax loss for the year would have been approximately RMB481,000 lower/higher (2022: post-tax loss for the year would have been approximately RMB64,000 lower/higher).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade and bill receivables, contract assets and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and cash equivalents and pledged bank deposits

To manage risk arising from cash and cash equivalents and pledged bank deposits, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions.

Other receivables

For other receivables, the Group has measured its lifetime expected credit losses and has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables, as well as the loss upon default in each case. The Group also takes into account forward-looking information in the impairment of the other receivables. Details of the loss allowance of other receivables are included in Note 19.

Trade and bill receivables and contract assets

For trade and bill receivables and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and bill receivables and contract assets without financing components.

To measure the expected credit losses, trade and bill receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Details of the loss allowance of trade and bill receivables are included in Note 17.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade and bill receivables and contract assets (Continued)

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses below also incorporate forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Details of the loss allowance of contract assets are included in Note 18.

As at 31 December 2023, the Group had significant concentration of credit risk in a few customers. The outstanding balances from the five largest customers, which had been included in trade and bill receivables and contract assets, amounted to approximately RMB47,450,000 (2022: RMB38,528,000) in aggregate, which represented approximately 17% (2022: 14%) of the total trade and bill receivables and contract assets.

Other than the above, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over and 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Trade payables	74,320	–	–	–	74,320
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	15,799	–	–	–	15,799
Lease liabilities and interest payments	3,659	2,128	2,564	–	8,351
Bank and other borrowings and interest payments	82,198	2,519	–	–	84,717
Amount due to directors	25,867	–	–	–	25,867
Financial liability at fair value through profit or loss	45,218	–	–	–	45,218
	247,061	4,647	2,564	–	254,272
As at 31 December 2023					
Trade payables	**91,594**	**–**	**–**	**–**	**91,594**
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	**15,231**	**–**	**–**	**–**	**15,231**
Lease liabilities and interest payments	**5,719**	**3,975**	**2,503**	**–**	**12,197**
Bank and other borrowings and interest payments	**170,127**	**336**	**10,167**	**–**	**180,630**
	282,671	**4,311**	**12,670**	**–**	**299,652**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) *Fair value measurements*

Except for the financial liabilities at fair value through profit or loss as disclosed in note 32 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(i) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements as at 31 December 2022 using: Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 2022 RMB'000
Recurring fair value measurements:				
Financial liabilities at FVTPL	–	–	**41,981**	**41,981**

During each of the years ended 31 December 2022 and 2023, there were no transfer between financial instruments in Level 1 and Level 2 and no transfer into or out of Level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

(ii) Reconciliation of liabilities measured at fair value based on level 3:

	2023 **RMB'000**	2022 RMB'000
Financial liabilities at FVTPL		
At 1 January	**41,981**	–
Issue of convertible loans	**–**	40,000
Interests paid	**(3,653)**	–
Repayments of principal amount	**(20,000)**	–
Outstanding principal amount reclassified to other borrowings	**(20,000)**	–
Interest payables reclassified to other payables	**(1,009)**	–
Total losses recognised in profit or loss	**2,681**	1,981
At 31 December	**–**	41,981

The total losses recognised in profit or loss are presented in fair value change of financial liabilities at FVTPL in the consolidated statement of comprehensive income.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

(iii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2022 RMB'000
Convertible loans designated as financial liabilities at FVTPL	Binomial model, discounted cash flow	Expected volatility Discount rate	50.33% 12.3%	increase decrease	41,981

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings, financial liabilities at FVTPL, amounts due to directors and lease liabilities less cash and cash equivalents, pledged bank deposits and other deposits. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

The debt-to-equity ratios were as follows:

	2023 **RMB'000**	2022 RMB'000
Bank and other borrowings (Note 27)	**176,192**	81,591
Financial liabilities at FVTPL (Note 32)	**–**	41,981
Amounts due to directors (Note 31(b))	**–**	25,053
Lease liabilities (Note 28)	**11,356**	7,764
Less: Cash and cash equivalents (Note 21)	**(113,257)**	(15,111)
Pledged bank deposits (Note 21) and other deposits (Note 19(i))	**(2,005)**	(2,221)
Net debt	**72,286**	139,057
Total equity	**117,307**	103,513
Debt-to-equity ratio	**0.62**	1.34

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for impairment of trade and bill receivables, contract assets and other receivables

The Group follows the guidance of IFRS 9 to determine when trade and bill receivables, contract assets and other receivables are impaired. This determination requires significant judgement and estimation. In making this judgement and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators, etc. The Group also take into account forward-looking information in the impairment assessment of trade and bill receivables, contract assets and other receivables.

(b) Current and deferred income taxes

The Company is subject to income taxes in Hong Kong and Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Useful lives of property and equipment, right-of-use assets and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation expenses for its property and equipment, right-of-use assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, right-of-use assets and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation expenses where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Period review could result in a change in useful lives and therefore depreciation and amortisation expenses in future periods.

(d) Estimated impairment of non-financial assets

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets, for example goodwill, property, plant and equipment, intangible assets and right-of-use assets, are impaired, which requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash generating units ("CGUs") have been determined based on higher of fair value less costs of disposal or value-in-use calculations. These calculations require the use of estimates.

(e) Fair value of financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of fair value measurements are disclosed in Note 3.1(d) to the consolidated financial statements.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers		
Integrated data technology services		
– Data solutions	**167,015**	267,589
– Sales of hardware and software and related services as an integrated service	**144,653**	77,914
– IT maintenance and support services	**17,025**	31,623
	328,693	377,126
Trading of commodities	**39,252**	–
	367,945	377,126
Timing of revenue recognition		
– At a point in time	**183,905**	77,914
– Over time	**184,040**	299,212
	367,945	377,126

The chief operating decision-maker ("CODM") has been identified as the directors of the Group. The CODM regards the Group's business units based on their products and services and has following reportable segments as follows:

(a) Integrated data technology services – data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services; and

(b) Trading of commodities

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in Note 2 to the consolidated financial statements. Segment profits or losses do not include share of (losses)/profits of associates, finance income and corporate administrative expenses incurred by the Company. Segment assets do not include investment in associates, other receivables, prepayments and cash and cash equivalents held by the Company. Segment liabilities do not include accruals and other payables and amount due to a director of the Company.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information about reportable segment profit or loss, assets and liabilities provided to the CODM for each of the years ended and as at 31 December 2022 and 2023 is as follows:

	2023			2022		
	Integrated data technology services RMB'000	**Trading of commodities RMB'000**	**Total RMB'000**	Integrated data technology services RMB'000	Trading of Commodities RMB'000	Total RMB'000
Year ended 31 December						
Segment revenue						
– Data solutions	**167,015**	**–**	**167,015**	267,589	–	267,589
– Sales of hardware and software and related services as an integrated service	**144,653**	**–**	**144,653**	77,914	–	77,914
– IT maintenance and support services	**17,025**	**–**	**17,025**	31,623	–	31,623
– Trading of commodities	**–**	**39,252**	**39,252**	–	–	–
	328,693	**39,252**	**367,945**	377,126	–	377,126
Segment (loss)/profit	**(105,042)**	**177**	**(104,865)**	(95,234)	–	(95,234)
Unallocated loss			**(4,128)**			(29,831)
Share of (losses)/profits of associates			**(16)**			1,043
Loss for the year			**(109,009)**			(124,022)
Other segment information						
Depreciation of property, plant and equipment	**8,667**	**–**	**8,667**	12,369	–	12,369
Amortisation of intangible assets	**17,410**	**–**	**17,410**	15,692	–	15,692
Depreciation of right of use assets	**7,104**	**–**	**7,104**	11,725	–	11,725
ECLs on financial and contract assets	**27,269**	**–**	**27,269**	24,397	–	24,397
Impairment loss on property and equipment	**3,100**	**–**	**3,100**	4,756	–	4,756
Impairment loss on intangible assets	**12,000**	**–**	**12,000**	15,491	–	15,491
Impairment loss on right-of-use assets	**2,700**	**–**	**2,700**	3,753	–	3,753
Finance income	**123**	**4**	**127**	40	–	40
Finance costs	**(7,711)**	**–**	**(7,711)**	(8,065)	–	(8,065)
Income tax (credit)/expense	**(2,180)**	**10**	**(2,170)**	(5,487)	–	(5,487)
Additions to non-current assets	**26,535**	**–**	**26,535**	49,120	–	49,120

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) (Continued)

	2023			2022		
	Integrated data technology services RMB'000	**Trading of commodities RMB'000**	**Total RMB'000**	Integrated data technology services RMB'000	Trading of commodities RMB'000	Total RMB'000
As at 31 December						
Segment assets	**393,560**	**10,202**	**403,762**	391,425	–	391,425
Unallocated assets			**40,386**			19,458
Total assets			**444,148**			410,883
Segment liabilities	**321,027**	**25**	**321,052**	303,158	–	303,158
Unallocated liabilities			**5,789**			4,212
Total liabilities			**326,841**			307,370

(b) Revenue from external parties contributing 10% or more of the total revenue of the Group is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Integrated data technology services segment		
Customer A	**44,490**	–
Customer B	**40,799**	–
Customer C	**N/A#**	92,285

\# The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) The Group's revenue by geographical locations (as determined by the area or country in which the Group operates) is analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Mainland China	**367,945**	377,126

All the Group's non-current assets are principally located in Mainland China.

For the Group's provision of data solutions and the sales of hardware and software and related services as an integrated service, contracts are for periods of one year or less. For the Group's IT maintenance and support services, the Group bills the amount for each hour of service provided, therefore, the Group uses "right to invoice" practical expedient to recognise revenue in the amount to which the Group has a right to invoice. As permitted under practical expedient of IFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

6 OTHER INCOME AND OTHER LOSSES, NET

An analysis of other income and other losses, net is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Other income:		
Government grants (Note i)	**6,107**	9,318
Other losses, net:		
Forfeit of rental deposits upon early termination of leases	**(76)**	(1,546)
Gain on leases modification and termination	**116**	378
Gain on deemed disposal of a subsidiary (Note 30)	**–**	112
Gain on disposal of an investment of an associate (Note 20(ii))	**701**	–
(Loss)/gain on disposals of property and equipment (Note 29)	**(835)**	24
Loss on written off of property and equipment	**(91)**	(4,844)
Loss on disposal of intangible assets (Note 29)	**(759)**	–
Others	**194**	(905)
	(750)	(6,781)

Note:

(i) Government grants are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises, including but not limited to engage in research and development activities and refund of the value-added-tax ("VAT") under the "immediate refund of VAT levied" policy.

7 LOSS BEFORE INCOME TAX

The Group's loss before income tax has been arrived at after charging/(crediting):

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Amortisation of intangible assets (Note 14)	**17,410**	15,692
Depreciation of property and equipment (Note 13)	**8,667**	12,369
Depreciation of right-of-use assets (Note 15)	**7,104**	11,725
Total amortisation and depreciation	**33,181**	39,786
Less: Capitalised in software development costs within intangible assets	**(150)**	(141)
	33,031	39,645
Employee benefit expenses (including directors' emoluments) (Note 8)	**166,220**	267,880
Expenses related to short-term leases	**1,095**	1,610
Auditor's remuneration	**1,701**	1,675
ECLs on trade and bill receivables (Note 17)	**14,651**	12,316
ECLs on contract assets (Note 18)	**10,539**	12,081
ECLs on other receivables (Note 19)	**2,079**	–
Impairment loss on property and equipment (Note 13)	**3,100**	4,756
Impairment loss on intangible assets (Note 14)	**12,000**	15,491
Impairment loss on right-of-use assets (Note 15)	**2,700**	3,753
Fair value change of on financial liabilities at FVTPL (Note 32)	**2,681**	1,981

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**165,972**	245,744
Retirement benefit contributions (Note i)	**15,498**	28,478
Equity-settled share-based payments	**(2,702)**	20,536
	178,768	294,758
Less: portion capitalised as intangible assets	**(12,548)**	(26,878)
	166,220	267,880

Note:

(i) As stipulated by the rules and regulations in Mainland China, the subsidiaries operating in the Mainland China contribute to state-sponsored retirement plans for its employees during the years ended 31 December 2022 and 2023. The employees contribute approximately 8% of their basic salaries, while the subsidiaries contribute approximately 13–16% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any director for the year ended 31 December 2023 (2022: one). Emoluments of the director are reflected in the analysis presented in Note 33. The emoluments payable to the five highest paid individuals (2022: four) during the year are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**4,198**	4,272
Retirement benefit contributions	**297**	453
Equity-settled share-based payments	**753**	2,520
	5,248	7,245

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	2023	2022
Emolument bands		
Nil to HKD1,000,000	–	–
HKD1,000,001 to HKD1,500,000	5	1
HKD1,500,001 to HKD2,000,000	–	1
HKD2,000,001 to HKD2,500,000	–	1
HKD2,500,001 to HKD3,000,000	–	1

9 FINANCE COSTS, NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	234	41
Finance costs		
– Interest expense on bank and other borrowings	(7,128)	(6,828)
– Finance charges on lease liabilities	(584)	(1,255)
	(7,712)	(8,083)
Finance costs, net	(7,478)	(8,042)

10 INCOME TAX CREDIT

The amount of income tax (credit)/expense recorded in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax	**–**	–
– The People Republic of China ("PRC") enterprise income tax	**10**	405
Over-provision in prior years		
– Hong Kong profits tax	**(1,582)**	–
– PRC enterprise income tax	**–**	(18)
Deferred income tax (Note 26)		
– Current year	**(598)**	(5,627)
– Attributable to change in tax rate	**–**	(247)
Income tax credit	**(2,170)**	(5,487)

(i) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% during the year ended 31 December 2023 (2022: 16.5%).

(ii) PRC enterprise income tax

Shenzhen Suoxinda Data Technology Co., Ltd. ("Suoxinda Shenzhen"), Suoxinda (Beijing) Data Technology Co., Ltd. ("Suoxinda Beijing") and Shenzhen Yinxing Intelligent Data Co., Ltd. ("Shenzhen Yinxing") were recognised by relevant Mainland China authorities as National High and New Technological Enterprise ("NHNTE") and were entitled to a preferential enterprise income tax rate of 15% from 2020 to 2023,from 2021 to 2024 and from 2022 to 2025, respectively.

10 INCOME TAX CREDIT (CONTINUED)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rates applicable to losses of the entities under the Group as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss before income tax	**(111,179)**	(129,509)
Less: share of losses/(profits) of associates, net of tax	**16**	(1,043)
Loss before income tax before share of profits of associates	**(111,163)**	(130,552)
Tax calculated at domestic tax rates applicable to losses of the respective companies	**(18,559)**	(22,831)
Expenses not deductible for tax purposes	**8,261**	9,191
Over-provision in prior years	**(1,582)**	(18)
Super deduction for research and development expenses (Note i)	**(4,127)**	(4,890)
Tax losses for which no deferred tax was recognised	**13,837**	13,577
Utilisation of tax losses previously not recognised	**–**	(269)
Decrease in opening deferred tax assets/liabilities resulting from decrease in applicable tax rate	**–**	(247)
Income tax credit	**(2,170)**	(5,487)

Note:

(i) Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% (2022: 175%-200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended 31 December 2022 and 2023.

11 LOSS PER SHARE

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share (RMB'000)	**(109,233)**	(128,192)
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share (Number of shares in thousand)	**580,108**	414,832
Basic and diluted loss per share (RMB cents)	**(18.8)**	(30.9)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods and shares granted under share award scheme on 28 December 2021 and 8 April 2022.

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding to assume the issue of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards, share options and convertible loans because (i) the exercise price of those share options is higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme and convertible loans have anti-dilutive effects on the basic loss per share amounts presented.

12 DIVIDENDS

No dividends had been paid or declared by the Company during the year ended 31 December 2023 (2022: Nil).

13 PROPERTY AND EQUIPMENT

	Building RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2022				
Cost	15,257	54,563	2,502	72,322
Accumulated depreciation	(4,405)	(14,684)	(1,391)	(20,480)
Net book amount	10,852	39,879	1,111	51,842
Year ended 31 December 2022				
Opening net book amount	10,852	39,879	1,111	51,842
Additions	–	943	–	943
Disposals	–	(346)	–	(346)
Written off	–	(4,816)	(28)	(4,844)
Depreciation	(724)	(11,332)	(313)	(12,369)
Impairment loss (Note i)	–	(4,600)	(156)	(4,756)
Currency translation differences	–	–	38	38
Closing net book amount	10,128	19,728	652	30,508
At 31 December 2022				
Cost	15,257	47,519	2,021	64,797
Accumulated depreciation	(5,129)	(23,191)	(1,213)	(29,533)
Accumulated impairment loss	–	(4,600)	(156)	(4,756)
Net book amount	10,128	19,728	652	30,508
Year ended 31 December 2023				
Opening net book amount	**10,128**	**19,728**	**652**	**30,508**
Additions	**–**	**1,570**	**–**	**1,570**
Disposals	**–**	**(975)**	**–**	**(975)**
Written off	**–**	**(91)**	**–**	**(91)**
Depreciation	**(724)**	**(7,686)**	**(257)**	**(8,667)**
Impairment loss (Note i)	**–**	**(3,058)**	**(42)**	**(3,100)**
Currency translation differences	**–**	**–**	**10**	**10**
Closing net book amount	**9,404**	**9,488**	**363**	**19,255**
At 31 December 2023				
Cost	**15,257**	**44,360**	**2,047**	**61,664**
Accumulated depreciation	**(5,853)**	**(27,214)**	**(1,486)**	**(34,553)**
Accumulated impairment loss	**–**	**(7,658)**	**(198)**	**(7,856)**
Net book amount	**9,404**	**9,488**	**363**	**19,255**

13 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**278**	608
Selling expenses	**24**	40
Administrative expenses	**1,098**	3,690
Research and development expenses	**7,267**	8,031
	8,667	12,369

As at 31 December 2023, building of RMB Nil was pledged to the Group's certain bank borrowings (2022: RMB10,128,000) (Note 27(a)).

As at 31 December 2023, equipment of RMB7,815,000 was pledged to the Group's other borrowings (2022: RMB18,455,000) (Note 27(b)).

Note:

(i) The Group carried out reviews of the recoverable amount of its cash generating unit ("CGU") without Shenzhen Yinxing Intelligent Data Co., Ltd ("Shenzhen YinXing") in 2022 and 2023 as a result of the deterioration of the operating results of the CGU. These assets are used in the Group's integrated data technology services segment. The reviews led to the recognition of impairment losses of RMB3,100,000, RMB12,000,000 (Note 14) and RMB2,700,000 (Note 15) (2022: RMB4,756,000, RMB15,491,000 (Note 14), RMB3,753,000 (Note 15)) on property and equipment, intangible assets and right-of-use assets respectively, that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurement). The key assumptions including average annual growth rate, pre-tax discount rate used and terminal growth rate used in the value in use calculations are 5%, 17% and 2% (2022: 7%, 16%, and 3%) respectively.

14 INTANGIBLE ASSETS

	Goodwill (Note iii) RMB'000	Customer relationship (Note ii) RMB'000	Backlog orders (Note i) RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2022					
Cost	18,598	8,017	1,948	82,279	110,842
Accumulated amortisation	–	(1,190)	(1,011)	(21,590)	(23,791)
Net book amount	18,598	6,827	937	60,689	87,051
Year ended 31 December 2022					
Opening net book amount	18,598	6,827	937	60,689	87,051
Additions	–	–	–	40,682	40,682
Deemed disposal of a subsidiary (Note 30)	–	–	–	(755)	(755)
Amortisation charge	–	(1,145)	(937)	(13,610)	(15,692)
Impairment loss (Note 13(i))	–	–	–	(15,491)	(15,491)
Closing net book amount	18,598	5,682	–	71,515	95,795

14 INTANGIBLE ASSETS (CONTINUED)

	Goodwill (Note iii) RMB'000	Customer relationship (Note ii) RMB'000	Backlog orders (Note i) RMB'000	Computer software RMB'000	Total RMB'000
At 31 December 2022					
Cost	18,598	8,017	1,948	122,206	150,769
Accumulated amortisation	–	(2,335)	(1,948)	(35,200)	(39,483)
Accumulated impairment loss	–	–	–	(15,491)	(15,491)
Net book amount	18,598	5,682	–	71,515	95,795
Year ended 31 December 2023					
Opening net book amount	18,598	5,682	–	71,515	95,795
Additions	–	–	–	15,218	15,218
Disposals	–	–	–	(774)	(774)
Amortisation charge	–	(1,145)	–	(16,265)	(17,410)
Impairment loss (Note 13(i))	–	–	–	(12,000)	(12,000)
Currency translation differences	–	–	–	2	2
Closing net book amount	18,598	4,537	–	57,696	80,831
At 31 December 2023					
Cost	18,598	8,017	1,948	132,779	161,342
Accumulated amortisation	–	(3,480)	(1,948)	(47,592)	(53,020)
Accumulated impairment loss	–	–	–	(27,491)	(27,491)
Net book amount	18,598	4,537	–	57,696	80,831

14 INTANGIBLE ASSETS (CONTINUED)

During the year ended 31 December 2023, the Group has capitalised development costs of RMB12,824,000 where the software developed is ready for use (2022: RMB33,401,000).

Amortisation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Administrative expenses	**12,190**	8,417
Research and development expenses	**5,220**	7,275
	17,410	15,692

Notes:

(i) Backlog orders

Backlog orders were acquired in the business combination and represent customer contracts that are outstanding at the time of acquisition, from which there is a set of expected benefits to be received and accordingly the Group has made reference to the best estimate of the expected benefits and adopted amortisation over 2 years.

(ii) Customer relationship

Customer relationships were acquired in the business combination. The customer relationships are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based over their expected lives of the customer relationships (i.e. 7 years). It is determined with reference to the Group's best estimate of the expected contract period with the customers based on the historical renewal pattern and the industry practice.

14 INTANGIBLE ASSETS (CONTINUED)

Notes: (Continued)

(iii) Goodwill

In 2023, goodwill mainly arose from the acquisition of Shenzhen YinXing. As at 31 December 2023, goodwill has been allocated to Shenzhen YinXing for impairment assessment. Impairment assessment was carried out by the management annually or when impairment indicators exist at the end of each reporting period by comparing the recoverable amounts of Shenzhen YinXing to their carrying amounts. For the purpose of the goodwill impairment review, the recoverable amount is the higher of its fair value less costs of disposal and its value in use.

As at 31 December 2023, the recoverable amount of Shenzhen YinXing has been determined based on value-in-use calculation. It is calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The key assumptions including average annual growth rate, pre-tax discount rate and terminal growth rate used in the value-in-use calculations in 2023 are as follows:

	Shenzhen Yinxing	
	2023	2022
Average annual growth rate	**7%**	12%
Pre-tax discount rate	**17%**	19%
Terminal growth rate	**2%**	3%

The average annual growth rate used is based on past performance and the management's expectations of the market development. The discount rates used are pre-tax and reflect specific risks. The terminal growth rates used are largely in line with the forecasts included in industry reports.

15 RIGHT-OF-USE ASSETS

	Properties RMB'000	Equipment RMB'000	Total RMB'000
At 1 January 2022			
Cost	39,188	20,334	59,522
Accumulated depreciation	(14,050)	(3,734)	(17,784)
Net book amount	25,138	16,600	41,738
Year ended 31 December 2022			
Opening net book amount	25,138	16,600	41,738
Additions	7,495	–	7,495
Modification of leases	(7,488)	–	(7,488)
Termination of leases	(9,244)	–	(9,244)
Depreciation	(8,306)	(3,419)	(11,725)
Impairment loss (Note 13(i))	(1,216)	(2,537)	(3,753)
Closing net book amount	6,379	10,644	17,023
At 31 December 2022			
Cost	29,951	20,334	50,285
Accumulated depreciation	(22,356)	(7,153)	(29,509)
Accumulated impairment loss	(1,216)	(2,537)	(3,753)
Net book amount	6,379	10,644	17,023
Year ended 31 December 2023			
Opening net book amount	**6,379**	**10,644**	**17,023**
Additions	**9,747**	**–**	**9,747**
Termination of leases	**(2,612)**	**–**	**(2,612)**
Depreciation	**(4,555)**	**(2,549)**	**(7,104)**
Impairment loss (Note 13(i))	**(1,374)**	**(1,326)**	**(2,700)**
Closing net book amount	**7,585**	**6,769**	**14,354**
At 31 December 2023			
Cost	**16,738**	**20,334**	**37,072**
Accumulated depreciation	**(6,563)**	**(9,702)**	**(16,265)**
Accumulated impairment loss	**(2,590)**	**(3,863)**	**(6,453)**
Net book amount	**7,585**	**6,769**	**14,354**

15 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Administrative expenses	**3,638**	8,306
Research and development expenses	**3,466**	3,419
	7,104	11,725

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
– Trade and bill receivables (Note 17)	**104,285**	82,322
– Other receivables (Note 19)	**6,819**	12,322
– Pledged bank deposits (Note 21)	**1,005**	221
– Cash and cash equivalents (Note 21)	**113,257**	15,111
	225,366	109,976
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
– Trade payables (Note 24)	**91,594**	74,320
– Bank and other borrowings (Note 27)	**176,192**	81,591
– Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses) (Note 25)	**15,231**	15,799
– Amount due to directors (Note 31(b))	**–**	25,053
	283,017	196,763
Financial liabilities at FVTPL (Note 32)	**–**	41,981
	283,017	238,744

17 TRADE AND BILL RECEIVABLES

Trade and bill receivables analysis is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	**165,018**	129,982
Less: allowance for expected credit losses	**(62,308)**	(47,660)
Trade receivables, net	**102,710**	82,322
Bill receivables	**1,578**	–
Less: allowance for expected credit losses	**(3)**	–
Bill receivables, net	**1,575**	–
Total trade and bill receivables, net	**104,285**	82,322

The carrying amounts of trade and bill receivables approximate their fair values at each reporting date and are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
RMB	**103,956**	82,008
USD	**329**	314
	104,285	82,322

The Group allows a credit period of up to 60 days to its customers.

Bill receivable represent the unconditional order in writing issued by a customer of the Group for completed sales which entitle the Group to collect a sum of money from the customer. The bill is non-interest bearing and has a maturity of six months.

17 TRADE AND BILL RECEIVABLES (CONTINUED)

As at 31 December 2023, trade receivables outstanding from certain specific customers of the Group of approximately RMB12,795,000 have been pledged to certain bank borrowings of the Group (2022: RMB36,323,000) (Note 27(a)).

Movements on the Group's allowance for expected credit losses on trade and bill receivables are as follows:

	2023 **RMB'000**	2022 RMB'000
At the beginning of the year	**(47,660)**	(35,344)
Increase in expected credit losses	**(14,651)**	(12,316)
At the end of the year	**(62,311)**	(47,660)

(a) The aging analysis of trade and bill receivables based on invoice date is as follows:

	As at 31 December	
	2023 **RMB'000**	2022 RMB'000
Up to 3 months	**95,467**	64,881
3 to 6 months	**2,082**	685
6 months to 1 year	**9,073**	4,768
Over 1 year	**59,974**	59,648
	166,596	129,982

17 TRADE AND BILL RECEIVABLES (CONTINUED)

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and bill receivables. To measure the expected credit losses, trade and bill receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Financial assets are written off when there is no reasonable expectation of recovery.

The allowance for expected credit losses on trade and bill receivables as of 31 December 2022 and 2023 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
31 December 2022:						
Weighted average expected loss rate	2%	5%	17%	66%	77%	
Gross carrying amount (RMB in thousand)	43,133	22,011	3,200	21,072	40,566	129,982
Allowance for expected credit losses (RMB in thousand)	720	1,107	531	13,883	31,419	47,660
31 December 2023:						
Weighted average expected loss rate	**5%**	**2%**	**14%**	**10%**	**95%**	
Gross carrying amount (RMB in thousand)	**80,852**	**15,010**	**5,244**	**6,208**	**59,282**	**166,596**
Allowance for expected credit losses (RMB in thousand)	**4,296**	**345**	**713**	**608**	**56,349**	**62,311**

Weighted average expected credit losses rates were determined based on the cash collection performance for customers with respect to the credit terms granted to each customer and also taking into account the forward-looking information. The cash collection patterns are affected by a number of factors including but not limited to the change in customer portfolios of the Group, the effort of cash collection from the customers, the timing of settlement processes by customers of the Group etc.

18 CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) analysis is as follows:

	As at 31 December		As at 1 January
	2023	2022	2022
	RMB'000	RMB'000	RMB'000
Contract assets	**104,779**	147,378	142,002
Less: allowance for expected credit losses	**(33,077)**	(22,538)	(10,457)
	71,702	124,840	131,545
Contract liabilities	**(997)**	(1,907)	(24,904)

Movements on the Group's allowance for expected credit losses on contact assets are as follows:

	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(22,538)**	(10,457)
Increase in expected credit losses	**(10,539)**	(12,081)
At the end of the year	**(33,077)**	(22,538)

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress. Except for several customers with contract assets amounted to RMB32,095,000 (2022: RMB18,932,000) has been fully provided in view of increase in credit risk, the remaining balances substantially have the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

18 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The allowance for expected credit losses on contract assets as of 31 December 2022 and 2023 are determined as follows:

	Current	Increase in credit risk	Total
31 December 2022:			
Weighted average expected loss rate	3%	100%	
Gross carrying amount (RMB in thousand)	128,446	18,932	147,378
Allowance for expected credit losses (RMB in thousand)	3,606	18,932	22,538
31 December 2023:			
Weighted average expected loss rate	**1%**	**100%**	
Gross carrying amount (RMB in thousand)	**72,684**	**32,095**	**104,779**
Allowance for expected credit losses (RMB in thousand)	**982**	**32,095**	**33,077**

The following table shows the revenue recognised during the year ended 31 December 2022 and 2023 related to carried-forward contract liabilities:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the year	**1,907**	24,904

19 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Prepayments		
Prepaid expenses	**5,561**	1,604
Other receivables		
Utilities and other deposits (Note i)	**3,965**	4,464
Other receivables	**2,854**	1,728
Other receivables due from other investors of an associate (Note 20(i))	**2,079**	–
Amounts due from associates (Note ii)	**–**	6,130
	8,898	12,322
Less: allowance for expected credit losses (Note 20(i))	**(2,079)**	–
	6,819	12,322

Notes:

(i) Pledged deposit of approximately RMB1,000,000 with an independent third party which was pledged for bank borrowings of RMB8,650,000 as at 31 December 2022. The deposit is repaid in 2023 upon the repayment of bank borrowings (Note 27(a)).

Pledged deposit of approximately RMB1,000,000 (2022: RMB1,000,000) with an independent third party which is pledged for other borrowings of RMB2,464,000 (2022: RMB7,997,000) as at 31 December 2023 (Note 27(b)).

(ii) The amounts due from associates are unsecured, interest-free and repayable on demand.

19 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of other receivables approximated their fair values at each reporting date. The prepayments and other receivables are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
RMB	**12,361**	13,763
HKD	**19**	163
	12,380	13,926

Movements on the Group's allowance for expected credit losses on other receivables are as follows:

	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**–**	–
Increase in expected credit losses (Note 20(i))	**(2,079)**	–
At the end of the year	**(2,079)**	–

20 INVESTMENT IN ASSOCIATES

	2023	2022
	RMB'000	RMB'000
As at 1 January	**19,245**	12,652
Addition (Note (i))	**–**	3,000
Addition arising from deemed disposal of a subsidiary (Note 30)	**–**	2,550
Disposal of an associate (Note (ii))	**(2,359)**	–
Deregistration of an associate (Note (i))	**(2,109)**	–
Share of (losses)/profits of associates	**(16)**	1,043
As at 31 December	**14,761**	19,245

20 INVESTMENT IN ASSOCIATES (CONTINUED)

Note:

(i) On 7 December 2021, the Group entered into a shareholder agreement with two independent third parties investors to invest 30% of the issued share capital in 深圳數希科技有限公司 ("Shenzhen Shuxi"), at a consideration of approximately RMB3,000,000. The capital was invested by the Group during the year ended 31 December 2022.

On 7 July 2023, due to deteriorated financial performance of Shenzhen Shuxi, the Group and other two investors agreed to deregister Shenzhen Shuxi. The financial position of Shenzhen Shuxi as at the date of deregistration is as below:

	RMB'000
Net assets of Shenzhen Shuxi at the date of deregistration	7,030
30% share of net assets attributed to the Group	2,109
Less: Remaining bank balances of Shenzhen Shuxi to be received by the Group	(30)
Amounts due from other investors of Shenzhen Shuxi (Note 19)	2,079

As the other two investors did not invest any capital to Shenzhen Shuxi yet, the amounts due from other investors amounted to RMB2,079,000 (Note 19) represents their shares of losses of Shenzhen Shuxi and to be reimbursed to the Group.

However, the Group assessed that those two investors were in financial difficulties and did not have financial capability to repay the debts, expected credit losses are fully provided on amounts due from those two investors (Note 19).

(ii) On 24 May 2023, the Group disposed of 24% interest in an associate, Suoxinda (Shenzhen) Software Technology Co., Ltd. 索信達(深圳)軟件技術有限公司 ("Suoxinda Software"), to a third party for consideration of RMB2,448,000. Before the disposal, the Group owned 30% interest in Suoxinda Software and the investment was previously accounted for as an investment in an associate using the equity method of accounting. The Group has retained the remaining 6% interest and classified the retained investment as financial assets at FVTPL. This transaction has resulted in the Group recognised a gain of approximately RMB701,000 in profit or loss.

	RMB'000
Cash proceeds	2,448
Add: fair value of 6% retained interests in Suoxinda Software held by the Group	612
Less: Carrying amount of the 30% investment on the date of loss of significant influence of Suoxinda Software	(2,359)
Gain on disposal of investment in an associate (Note 6)	701

On 20 July 2023, the Group further disposed the remaining 6% interest in Suoxinda Software, which was reclassified as financial assets at FVTPL, to a third party for consideration of RMB612,000.

20 INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates of the Group are as follows:

Name	Country and date of establishment	Registered capital	Percentage of equity interest attributable to the Group 2023	2022	Principal activities
Caixin (Nanjing Jiangbei New District) Financial Technology Research Co., Ltd. (賽信(南京江北新區)金融科技研究院有限公司)*	Mainland China, 4 January 2019	RMB2,000,000	**20.00%**	20.00%	Provision of data solutions
Shenzhen JiChuang 深圳極創投資企業(有限合夥)*	Mainland China, 28 May 2018	RMB35,000,000	**28.57%**	28.57%	Investment management
深圳數希科技有限公司	Mainland China, 7 December 2021	RMB10,000,000	**N/A (Note i)**	30.00%	Provision of data solutions
索信達(深圳)軟件技術有限公司	Mainland China, 1 November 2021	RMB8,500,000	**N/A (Note ii)**	30.00%	Provision of data solutions, sales of hardware and software and related services as an integrated service

* The English names of the companies referred above represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

There are no material contingent liabilities relating to the Group's investment in associates, and no material contingent liabilities of the associates themselves.

Shenzhen JiChuang is a material associate of the Group. Set out below is the summarised financial information of the company.

20 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of financial position

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
ASSETS		
Non-current assets	**51,655**	49,955
Current assets	**5**	5
Total assets and net assets	**51,660**	49,960

Summarised statement of comprehensive income

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Profit and total comprehensive income	**1,700**	6,445

Reconciliation of summarised financial information

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Initial recognition of the investment	**49,960**	43,515
Profit and total comprehensive income for the year	**1,700**	6,445
Closing net assets	**51,660**	49,960
Group's share in %	**28.57%**	28.57%
Group's share in RMB	**14,759**	14,274
Carrying amount of the investment	**14,759**	14,274

20 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table shows, in aggregate, the Group's share of the amount of the individually immaterial associate that is accounted for using the equity method.

	2023 RMB'000	2022 RMB'000
As at 31 December:		
Carrying amounts of interests	**2**	4,971
Year ended 31 December:		
Loss and total comprehensive loss	**(502)**	(798)

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash at bank	**113,257**	15,034
Cash on hand	**–**	77
Cash and cash equivalents	**113,257**	15,111
Pledged bank deposits (Note i)	**1,005**	221
Maximum exposure to credit risk	**114,262**	15,332

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
RMB	**86,692**	14,742
USD	**96**	104
HKD	**26,469**	265
	113,257	15,111

Note:

(i) As at 31 December 2023, bank deposits of RMB1,005,000 (2022: RMB221,000) were pledged at banks to secure the Group's bank borrowings (Note 27(a)). Pledged bank deposits are denominated in RMB and deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, the Group had cash and cash equivalents and pledged bank deposits amounting to RMB87,697,000 (2022: RMB14,963,000), which are held in Mainland China. These balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

22 SHARE CAPITAL

	Note	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares RMB'000
Authorised:			
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		**2,000,000,000**	17,890
Issued:			
As at 1 January 2022		**402,150,537**	3,597
Issuance of award shares	(i)	**6,710,901**	56
Issuance of new shares	(ii)	**58,206,598**	500
As at 31 December 2022 and 1 January 2023		**467,068,036**	4,153
Issuance of new shares	(iii)	**193,800,000**	1,797
As at 31 December 2023		**660,868,036**	5,950

Notes:

(i) On 28 December 2021 and 8 April 2022, the Board approved the grants of awards of a total of 5,972,322 awarded shares and 738,579 awarded shares (excluding 40,000 shares granted to connected persons and shall be satisfied by purchasing shares from the open market) respectively under the Share Awards Scheme (Note 37). For details, please refer to the Company's announcements on 28 December 2021 and 8 April 2022 respectively.

(ii) On 1 September 2022, the Company entered into agreements with general mandate subscribers for subscription of Company's shares at the subscription price of HK$1.045 per share. On 17 October 2022 and 3 November 2022, the Company completed the issuance of 30,931,598 new shares and 27,275,000 new shares to those subscribers respectively to raise gross proceeds up to approximately RMB52,238,000, and net of shares issues expenses of approximately RMB541,000. For details, please refer to the Company's announcements on 1 September 2022, 23 September 2022, 30 September 2022, 1 October 2022, 17 October 2022, 24 October 2022 and 3 November 2022 respectively.

(iii) On 15 January 2023, the Company entered into agreements with general mandate subscribers for subscription of Company's shares at the subscription price of HK$0.645 per share. On 22 February 2023, the Company completed the issuance of 50,800,000 new shares to those subscribers to raise gross proceeds up to approximately RMB30,384,000, and net of shares issues expenses of approximately RMB908,000. On 19 March 2023, the Company entered into agreements with specific mandate subscribers for subscription of Company's shares at the subscription price of HK$0.76 per share. On 29 June 2023, the Company completed the issuance of 143,000,000 new shares to those subscribers to raise gross proceeds up to approximate RMB100,779,000, and net of shares issues expenses of approximately RMB2,861,000. For details, please refer to the Company's announcements on 15 January 2023, 22 February 2023, 19 March 2023, 24 April 2023, 25 May 2023 and 29 June 2023 respectively.

23 OTHER RESERVES

	Share premium RMB'000 (Note i)	Capital reserve RMB'000 (Note ii)	Share-based payment reserve RMB'000 (Note iii)	Other Reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Total RMB'000
Balance at 1 January 2022	130,040	67,373	5,772	–	(2,916)	13,300	213,569
Other comprehensive loss							
Currency translation differences	–	–	–	–	1,024	–	1,024
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	51,197	–	–	–	–	–	51,197
Issuance of awarded shares (Note 22(i))	–	–	–	(56)	–	–	(56)
Share-based payments (Note ii)	–	–	20,536	–	–	–	20,536
Transfer to statutory reserve (Note iii)	–	–	–	–	–	7,593	7,593
	51,197	–	20,536	(56)	–	7,593	79,270
Balance at 31 December 2022	181,237	67,373	26,308	(56)	(1,892)	20,893	293,863
Balance at 1 January 2023	**181,237**	**67,373**	**26,308**	**(56)**	**(1,892)**	**20,893**	**293,863**
Other comprehensive loss							
Currency translation differences	**-**	**-**	**-**	**-**	**(2,379)**	**-**	**(2,379)**
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(iii))	**125,597**	**-**	**-**	**-**	**-**	**-**	**125,597**
Share-based payments (Note ii)	**-**	**-**	**(2,702)**	**-**	**-**	**-**	**(2,702)**
Transfer to statutory reserve (Note iii)	**-**	**-**	**-**	**-**	**-**	**596**	**596**
	125,597	**-**	**(2,702)**	**-**	**-**	**596**	**123,491**
Balance at 31 December 2023	**306,834**	**67,373**	**23,606**	**(56)**	**(4,271)**	**21,489**	**414,975**

23 OTHER RESERVES (CONTINUED)

Notes:

(i) Capital reserve represents the combined paid-in capital of the group companies and capital contribution to subsidiaries by equity holders of subsidiaries upon completion of the reorganisation and the differences between the capital contribution by non-controlling interests and the carrying amount of the non-controlling interests attributable to the reduction of Group's equity interests in subsidiaries.

(ii) The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options and awarded shares granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.29 to the consolidated financial statements.

(iii) The balance is reserved by the subsidiaries in the Mainland China in accordance with the relevant Mainland China regulations. The Mainland China laws and regulations require companies registered in Mainland China to provide for certain statutory reserve, which is to be appropriated from the net profit (after offsetting accumulated loss from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. Mainland China Company is required to appropriate 10% of statutory net profits to statutory reserve, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contributions to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

24 TRADE PAYABLES

Trade payables analysis is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables	**91,594**	74,320

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
0 to 30 days	**67,256**	38,091
31 to 60 days	**5,075**	8,849
61 to 90 days	**3,961**	1,517
Over 90 days	**15,302**	25,863
	91,594	74,320

24 TRADE PAYABLES (CONTINUED)

The carrying amounts of the trade payables approximate their fair values as at 31 December 2022 and 2023. The trade payables are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
RMB	**91,573**	70,094
USD	**21**	4,226
	91,594	74,320

25 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Accrued salaries and wages	**11,493**	33,680
Other tax payables	**17,252**	20,881
Payables for purchase of equipment and intangible assets	**900**	1,037
Consideration payable for the acquisition of a subsidiary	**–**	1,574
Amount due to a precedent director (Note 31(b)(i))	**4,790**	–
Interest payables on other borrowings (Note 32)	**1,009**	–
Other payables	**8,532**	13,188
	43,976	70,360

25 ACCRUALS AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the accruals and other payables (excluding non-financial liabilities) approximate their fair values as at 31 December 2022 and 2023. The carrying amounts of the accruals and other payables (excluding non-financial liabilities) are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
RMB	**10,513**	13,113
HKD	**4,712**	2,686
USD	**6**	–
	15,231	15,799

26 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes are related to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets	**8,853**	8,427
Deferred tax liabilities	**(680)**	(852)
	8,173	7,575

26 DEFERRED TAXATION (CONTINUED)

The net movement on the deferred income tax assets/(liabilities) of the Group is as follows:

	Decelerated tax depreciation RMB'000	Net impairment losses on financial and contract assets RMB'000	Fair value adjustment on assets and liabilities upon acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2022	1,117	2,525	(1,941)	1,701
Decrease in opening deferred tax assets and liabilities resulting from decrease in applicable tax rate (Note 10)	(5)	(524)	776	247
Credited to the consolidated statement of comprehensive income (Note 10)	1,440	3,874	313	5,627
At 31 December 2022	2,552	5,875	(852)	7,575
At 1 January 2023	**2,552**	**5,875**	**(852)**	**7,575**
Credited/(charged) to the consolidated statement of comprehensive income (Note 10)	**690**	**(264)**	**172**	**598**
At 31 December 2023	**3,242**	**5,611**	**(680)**	**8,173**

There are no income tax consequences attaching to the payment of dividends by the companies now comprising the Group to their then respective shareholders.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in Mainland China at 31 December 2023 in respect of the tax losses in the amount of approximately RMB243,131,000 (2022: RMB181,735,000) due to the unpredictability of future profit streams. These tax losses will expire by 31 December 2033 (2022: 31 December 2032).

26 DEFERRED TAXATION (CONTINUED)

According to the new EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of Mainland China when their Mainland China subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between Mainland China and the jurisdiction of the foreign immediate holding company.

As at 31 December 2023, deferred income tax liabilities of RMB1,078,000 (2022: RMB3,487,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in Mainland China based on the profits for the year ended 31 December 2023. The unremitted earnings are to be used for long-term future development. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

27 BANK AND OTHER BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Non-current		
Bank borrowings (Note (a))	**10,000**	–
Other borrowings (Note (b))	**–**	2,461
	10,000	2,461
Current		
Bank borrowings (Note (a))	**64,728**	73,594
Other borrowings (Note (b))	**101,464**	5,536
	166,192	79,130
Total	**176,192**	81,591

27 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings

The bank loans due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within one year	**64,728**	73,594
One to two years	**–**	–
Two to five years	**10,000**	–
	74,728	73,594
Less: portion classified as current liabilities	**(64,728)**	(73,594)
Portion classified as non-current liabilities	**10,000**	–

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB.

The weighted average interest rate is approximately 4.2% per annum for the year ended 31 December 2023 (2022: approximately 5.9%).

As at 31 December 2023, the Group had aggregate banking facilities of RMB100,000,000 (2022: RMB82,000,000). Unused facilities as at the same date amounted to approximately RMB25,272,000 (2022:RMB16,570,000). The Group's banking facilities are secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB5,000,000 as at 31 December 2023 (2022: RMB14,850,000);

(ii) building of the Group of RMB Nil as at 31 December 2023 (2022: approximately RMB10,128,000) (Note 13);

(iii) pledged bank deposits of approximately RMB1,005,000 held at bank as at 31 December 2023 (2022: approximately RMB221,000) (Note 21);

(iv) trade receivables outstanding from certain specific customers of the Group of approximately RMB12,795,000 as at 31 December 2023 (2022: approximately RMB36,323,000) (Note 17);

27 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings (Continued)

(v) other deposits of the Group of RMB Nil as at 31 December 2023 (2022: RMB1,000,000) (Note 19(i));

(vi) property owned by a director of the Company; and

(vii) Personal guarantees from Mr. Xue Shouguang ("Mr. Xue") (Note 31), Mr. Chen Zhenping ("Mr. Chen") (Note 31), and a legal representative of a subsidiary (2022: Mr. Song Hongtao (a precedent director of the Company) (Notes 31 and 33(a)(i)), Mr. Wu Xiaohua ("Mr. Wu") (Note 31) and their spouses and a director of a subsidiary).

(b) Other borrowings

The loan due for repayment, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
On demand	**20,000**	–
Within one year	**81,464**	5,536
One to two years	**–**	2,461
	101,464	7,997
Less: portion classified as current liabilities	**(101,464)**	(5,536)
Portion classified as non-current liabilities	**–**	2,461

27 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Other borrowings (Continued)

In June 2022, the Group entered into a sale and leaseback agreement with an independent third party to obtain a loan at a principal amount of RMB11,000,000. The loan bear interest at 9.2% per annum and is repayable in equal monthly instalments by 2024.

In August and October 2023, the Group entered into certain loans agreements with two independent third parties to obtain loans at principal amounts of RMB20,000,000 and RMB59,000,000 respectively. The loans are unsecured, bears interest at 6% per annum and repayable by February 2024.

At 31 December 2023, the convertible loans of Suoxinda (Beijing) Data Technology Co., Ltd. ("Suoxinda (Beijing)"), an indirect wholly owned subsidiary of the Company, were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings (Note 32). Up to the date of approval for issuance of the consolidated financial statements, the Group is still in the progress of negotiations with the investor for a possible resolution on repayment plan.

The Group's other borrowings are secured by:

(i) certain equipment of the Group of approximately RMB7,815,000 as at 31 December 2023 (2022: approximately RMB18,445,000) (Note 13); and

(ii) other deposits of the Group of RMB1,000,000 as at 31 December 2023 (2022: RMB1,000,000) (Note19 (i)).

The carrying amounts of bank and other borrowings approximate their fair values as at 31 December 2022 and 2023.

28 LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Within one year	**5,719**	3,659
One to two years	**3,975**	2,128
Two to five years	**2,503**	2,564
Total lease payments	**12,197**	8,351
Less: future finance charges	**(841)**	(587)
Total lease liabilities	**11,356**	7,764
Less: portion classified as current liabilities	**(5,207)**	(3,371)
	6,149	4,393

The Group leases various office premises and equipment under lease agreements. The lease liabilities are denominated in RMB. No arrangement has been entered into for variable lease payments.

During the year, the Group's expenses related to short-term leases of RMB1,095,000 for the year ended 31 December 2023 (2022: RMB1,610,000) have been recognised as expenses and included in cost of sales, administrative expenses and research and development expenses in the consolidated statement of comprehensive income.

The total cash outflows for leases including payments of lease liabilities and payments of interest expenses for the year ended 31 December 2023 is RMB5,106,000 (2022: RMB18,357,000).

The total lease commitment related to short-term leases as at 31 December 2023 is RMB Nil (2022: RMB47,000).

29 CASH USED IN OPERATIONS

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Loss before income tax	**(111,179)**	(129,509)
Adjustments for:		
Equity-settled share-based payments	**(2,702)**	20,536
Share of losses/(profits) of associates	**16**	(1,043)
Gain on leases modification	**–**	(187)
Gain on leases termination	**(116)**	(191)
Depreciation of property and equipment	**8,667**	12,369
Amortisation of intangible assets	**17,260**	15,551
Depreciation of right of use assets	**7,104**	11,725
Impairment loss on property and equipment	**3,100**	4,756
Impairment loss on intangible assets	**12,000**	15,491
Impairment loss on right-of-use assets	**2,700**	3,753
ECLs on trade receivables	**14,651**	12,316
ECLs on contract assets	**10,539**	12,081
ECLs on other receivables	**2,079**	–
Loss/(gain) on disposals of property and equipment	**835**	(24)
Loss on written off of property and equipment	**91**	4,844
Loss on disposals of intangible assets	**759**	–
Gain on deemed disposal of a subsidiary	**–**	(112)
Gain on disposal of an investment in an associate	**(701)**	–
Finance costs, net	**7,478**	8,042
Fair value change of financial liabilities at FVTPL	**2,681**	1,981
Operating cash flows before changes in working capital	**(24,738)**	(7,621)
Changes in working capital:		
(Increase)/decrease in trade and bill receivables	**(36,614)**	13,268
(Increase)/decrease in prepayments and other receivables	**(5,584)**	1,819
Decrease/(increase) in contract assets/liabilities, net	**41,689**	(28,373)
Increase/(decrease) in trade payables	**17,274**	(2,582)
(Decrease)/increase in accruals and other payables	**(30,472)**	2,663
Cash used in operations	**(38,445)**	(20,826)

29 CASH USED IN OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	2023 RMB'000	2022 RMB'000
Property and equipment		
Net book value	**975**	346
(Loss)/gain on disposals of property and equipment	**(835)**	24
Proceeds from disposals of property and equipment	**140**	370

In the consolidated statement of cash flows, proceeds from disposals of intangible assets comprise:

	2023 RMB'000	2022 RMB'000
Intangible assets		
Net book value	**774**	–
Loss on disposals of intangible assets	**(759)**	–
Proceeds from disposals of intangible assets	**15**	–

29 CASH USED IN OPERATIONS (CONTINUED)

(a) Non-cash transactions

During the year ended 31 December 2023, additions to the right-of-use assets amounted to RMB9,747,000 (2022: RMB7,495,000).

(b) Net (debt)/cash reconciliation

This section sets out an analysis of net (debt)/cash and the movements in net (debt)/cash for each of the years presented.

	2023 **RMB'000**	2022 RMB'000
Cash and cash equivalents	**113,257**	15,111
Pledged bank deposits and other deposits	**2,005**	2,221
Bank and other borrowings	**(176,192)**	(81,591)
Amount due to directors	**–**	(25,053)
Lease liabilities	**(11,356)**	(7,764)
Financial liabilities at FVTPL	**–**	(41,981)
Net debt	**(72,286)**	(139,057)

29 CASH USED IN OPERATIONS (CONTINUED)

(b) Net (debt)/cash reconciliation (Continued)

	Cash and cash equivalents RMB'000	Pledged bank deposits and other deposits RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amount due to directors RMB'000	Amount due to a substantial shareholder RMB'000	Financial Liabilities at FVTPL RMB'000	Total RMB'000
Net debt as at 1 January 2022	21,955	721	(50,308)	(32,871)	(51,220)	(3,000)	–	(114,723)
Cash flows	(7,830)	1,500	(31,283)	16,747	26,167	3,000	(40,000)	(31,699)
Termination – leases	–	–	–	9,435	–	–	–	9,435
Modification – leases	–	–	–	7,675	–	–	–	7,675
Acquisition – leases	–	–	–	(7,495)	–	–	–	(7,495)
Lease interests	–	–	–	(1,255)	–	–	–	(1,255)
Fair value change on financial liabilities at FVTPL (Note 32)	–	–	–	–	–	–	(1,981)	(1,981)
Foreign exchange adjustments	986	–	–	–	–	–	–	986
Net debt as at 31 December 2022	15,111	2,221	(81,591)	(7,764)	(25,053)	–	(41,981)	(139,057)
Cash flows	100,537	(216)	(74,601)	4,011	20,263	–	23,653	73,647
Termination – leases	–	–	–	2,728	–	–	–	2,728
Acquisition – leases	–	–	–	(9,747)	–	–	–	(9,747)
Lease interests	–	–	–	(584)	–	–	–	(584)
Fair value change on financial liabilities at FVTPL (Note 32)	–	–	–	–	–	–	(2,681)	(2,681)
Reclassification of principal amount of loans from financial liabilities at FVTPL to other borrowings (Note 32)	–	–	(20,000)	–	–	–	20,000	–
Reclassification of interest payables on loans from financial liabilities at FVTPL to other payables (Note 32)	–	–	–	–	–	–	1,009	1,009
Reclassification to other payables (Note 31(b)(i))	–	–	–	–	4,790	–	–	4,790
Foreign exchange adjustments	(2,391)	–	–	–	–	–	–	(2,391)
Net debt as at 31 December 2023	**113,257**	**2,005**	**(176,192)**	**(11,356)**	**–**	**–**	**–**	**(72,286)**

30 DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

On 13 December 2022, there are two independent investors further injected additional capital of RMB3,500,000 to acquire additional interests in a subsidiary of the Group, i.e. 索信達(深圳)軟件技術有限公司 ("索信達軟件"). As a result, the registered capital of 索信達軟件 was increased from RMB5,000,000 to RMB8,500,000 and the Group's equity interests in 索信達軟件 was diluted from 51% to 30%. The Group lost control in 索信達軟件 and accounted the 30% retained interests in 索信達軟件 as an associate. The fair value of 30% retained interests in 索信達軟件 at the date on which control was lost were regarded as the cost in initial recognition of the Group's interests in an associate.

The carrying amounts of assets and liabilities of 索信達軟件 derecognised at the date on which the control was lost are as follows:

	RMB'000
Intangible assets (Note 14)	755
Trade receivables	6,980
Other receivables, prepayments and deposits	45
Cash and cash equivalents	13
Accruals and other payables	(5,463)
Net assets disposed of	2,330
Add: Non-controlling interests	108
Less: Fair value of 30% retained interests in 索信達軟件 held by the Group – classified as interests in associates (Note 20)	(2,550)
Gain on deemed disposal of a subsidiary (Note 6)	(112)

Net cash outflow arising on deemed disposal of a subsidiary:

	RMB'000
Consideration	–
Cash and cash equivalents disposed of	(13)
Net outflow of cash – investing activities	(13)

31 RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of the consolidated financial statements, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Management is of the view that the following were related parties that had transactions or balances with the Group as at and during the year ended 31 December 2023.

Name of the related parties	Relationship with the Group
Mr. Xue Shouguang ("Mr. Xue")	Executive Director, Chairman, shareholder and the Chief Executive Officer (Note 33 (xvii))
Ms. Zhao Yiqing ("Ms. Zhao")	Executive Director and shareholder (Note 33 (xviii))
Mr. Shi Ban Chao ("Mr. Shi")	Executive Director and shareholder (Note 33 (viii))
Mr. Wu Fu-Shea	Non-executive Director and shareholder (Note 33 (ii))
Mr. Chen Zhenping ("Mr. Chen")	Non-executive Director and shareholder (Note 33(ix))
Mr. Wu Xiaohua ("Mr. Wu")	Non-executive Director and shareholder (Note 33 (xix))
Mr. Song Aihua	Senior management
Mr. Jiang Jingxiang	Senior management
Ms. Wei Huijuan	Senior management
Mr. Dong Wei	Senior management
Mr. Qin Gang	Senior management
Ms. Zhang Fengwei	Senior management
Mr. Wang Baohui	Senior management

(a) Key management compensation

The compensation paid or payable to key management for employee services during the years ended 31 December 2022 and 2023 are shown below:

	2023 RMB'000	2022 RMB'000
Salaries, bonuses, fees and allowances	**5,436**	14,062
Retirement benefit contributions	**363**	1,513
Equity-settled share-based payments	**977**	4,104
	6,776	19,679

31 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Related parties balances

Details of amounts due from associates are disclosed in note 19(ii) to the consolidated financial statements.

Details of the amounts due to directors and a substantial shareholder as at 31 December 2022 and 2023 are shown below:

	2023 RMB'000	2022 RMB'000
Amount due to directors		
Mr. Song (Note i)	–	12,834
Mr. Chen (Note ii)	–	11,531
Mr. Shi (Note iii)	–	688
	–	25,053

Notes:

(i) The amount due to Mr. Song as at 31 December 2022 was unsecured and repayment on demand, of which approximately RMB12,684,000 beared interests at 4.75% per annum, while the remaining balances of approximately RMB150,000 were interest-free.

Since Mr. Song resigned as a director of the Company with effect from 6 January 2023, the outstanding amount due to Mr. Song as at 31 December 2023 of approximately RMB4,790,000 was reclassified to accruals and other payables accordingly (Note 25).

Details settlement arrangement of amount due to him also referred to note (c).

(ii) The amount due to Mr. Chen as at 31 December 2022 was unsecured and repayment on demand, of which approximately RMB4,145,000 beared interests at 4.75% per annum, and HK$1,000,000 (equivalent to approximately RMB886,000) beared interests at 1.6% per annum, while the remaining balances of RMB6,500,000 were interest-free. Balances were settled during the year ended 31 December 2023.

(iii) The amount due to Mr. Shi as at 31 December 2022 was unsecured, interest-free and repayment on demand. Balances were settled during the year ended 31 December 2023.

31 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(c) Corporate guarantees given by a subsidiary in relation to Mr. Song's personal loans

During the year ended 31 December 2022, Mr. Song, inappropriately overrided the Board of Directors in providing corporate guarantees on behalf of a major subsidiary of the Group, Suoxinda Shenzhen (深圳索信達數據技術有限公司), to two borrowers which were not connected to the Group, in relation to his personal loans, without proper approval from the shareholders of Suoxinda Shenzhen.

In August and September 2022, those two borrowers had initiated legal proceedings at the Shenzhen Qianhai Cooperation Zone People's Court in Guangdong Province (廣東省深圳前海合作區人民法院) and Shenzhen Nanshan District People's Court in Guangdong Province (廣東省深圳市南山區人民法院) respectively against Mr. Song and his spouse, and Suoxinda Shenzhen, in relation to the non-repayment of certain Mr. Song's personal loans principals and interests amounted to approximately RMB49,731,000 owed to those two borrowers. On the other hand, in October and November 2022, those two borrowers applied property preservations to the aforesaid courts on assets held by Mr. Song and his spouse and Suoxinda Shenzhen. Therefore, certain bank balances of Suoxinda Shenzhen amounted to approximately RMB42,886,000 had been frozen by the courts.

In December 2022, Suoxinda Shenzhen reached debts settlement agreement with those two borrowers and committed to settle part of Mr. Song personal loans amounted to RMB21,785,800 on behalf of Mr. Song. Upon reaching debts settlement agreement, those two borrowers withdrew the litigations against Mr. Song and his spouse and Suoxinda Shenzhen and released assets freezes on assets of Suoxinda Shenzhen accordingly. Therefore, management considered that there were no contingent liabilities incurred by the Group regarding the above event as at 31 December 2022.

Since there was a net amount owed by the Group to Mr. Song as at 31 December 2022, the management agreed with Mr. Song that the Group would settle aforesaid amount of RMB21,785,800 on behalf of him and simultaneously set off the amounts due to him accordingly. Out of the amount of RMB21,785,800 to be settled to those two borrowers by the Group on behalf of Mr. Song, RMB11,084,500 had been settled before 31 December 2022 while the remaining RMB10,701,300 was to be settled in 4 quarterly instalments during 2023.

As at 31 December 2023, the Group not yet settled the fourth quarter instalments amounted to RMB3,701,300 and in the progress of negotiations with those two borrowers on settlement plan.

32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 19 May 2022, Suoxinda (Beijing), an indirectly wholly owned subsidiary of the Company, issued convertible loans with a principal amount of RMB40,000,000.

The loans are convertible at the option of the noteholders into the conversion capital and/or the subscription of additional capital of Suoxinda (Beijing) subjected to the conversion conditions. The conversion price shall be determined with reference to asset appraisal of Suoxinda (Beijing) to be conducted by third party valuer at the time of conversion, and shall be no more than 70% of the subscription price paid by third party investors in cash for the registered capital of Suoxinda (Beijing) during the last round of financing conducted by Suoxinda (Beijing) before the conversion and further the pre-money valuation of Suoxinda (Beijing) shall not be more than RMB900 million. Any convertible loans not converted will be redeemed upon the issuance of repayment notice by the investor to Suoxinda (Beijing) at any time on or after 1 January 2023 and in no event later than 31 December 2023 at their principal amount. Interest of 8% will be paid annually up until that settlement date. The convertible loans are secured by certain shares of the Company held by Mr. Song and personal guarantee from Mr. Song.

For details, please refer to the Company's announcements on 19 April 2022.

The Group designated the convertible loans as financial liabilities at fair value through profit or loss.

During the year ended 31 December 2023, the Company repaid certain convertible loans with a principal amount of RMB20,000,000.

At 31 December 2023, the convertible loans of Suoxinda (Beijing) were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings (Note 27(b)). Up to the date of approval for issuance of the consolidated financial statements, the Group is still in the progress of negotiations with the investor for a possible resolution on repayment plan.

32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The movement of financial liabilities at FVTPL during the year ended 31 December 2022 and 2023 are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At 1 January	**41,981**	–
Principal amount of convertible loans issued	**–**	40,000
Interests paid	**(3,653)**	–
Repayments of principal amount	**(20,000)**	–
Outstanding principal amount reclassified to other borrowings (Note 27(b))	**(20,000)**	–
Interest payables reclassified to other payables (Note 25)	**(1,009)**	–
Fair value change (Note 7)	**2,681**	1,981
At 31 December	**–**	41,981

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive officer's emoluments

The remuneration of each director and the chief executive officer paid/payable by the Group for each of the years ended 31 December 2022 and 2023 are as follows:

Year ended 31 December 2022

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution of a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Equity-settled share-based payment RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking RMB'000	Total RMB'000
Executive directors									
Mr. Shi Ban Chao (Note viii)	16	662	-	187	82	-	132	-	1,079
Mr. Wu Xiaohua (Note xix)	112	240	-	63	54	-	-	-	469
Mr. Song Hongtao (Note i)	148	68	-	6	54	-	-	-	276
Mr. Lam Chun Hung, Stanley (Note iii)	26	-	-	-	1	-	-	-	27
Ms. Wang Jing (Note iv)	64	467	-	68	95	-	-	-	694
Non-executive directors									
Mr. Wu Fu- Shea (Note ii)	731	563	-	4	14	-	-	-	1,312
Mr. Chen Zhenping (Note ix)	86	-	-	-	4	-	-	-	90
Ms. Zhao Yue (Note x)	16	-	-	-	-	-	-	-	16
Dr. Mo Keqi (Note xi)	32	-	-	-	-	-	-	-	32
Mr. Jiang Senlin (Note xii)	25	-	-	-	-	-	-	-	25
Independent Non-Executive Directors									
Dr. Chen Wei (Note xiii)	79	-	-	-	-	-	-	-	79
Mr. Yang Haifeng (Note xiv)	36	-	-	-	-	-	-	-	36
Ms. Dan Xi (Note xv)	-	-	-	-	-	-	-	-	-
Mr. Tu Xinchun (Note v)	103	-	-	-	-	-	-	-	103
Ms. Zhang Yahan (Note vi)	24	-	-	-	-	-	-	-	24
Dr. Qiao Zhonghua (Note vii)	17	-	-	-	-	-	-	-	17
Ms. Fan Wenxian (Note xvi)	32	-	-	-	-	-	-	-	32
	1,547	2,000	-	328	304	-	132	-	4,311

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Year ended 31 December 2023

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking								
	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Equity-settled share-based payment	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors									
Mr. Xue Shouguang (Note xvii)	50	50	-	-	-	-	-	-	100
Ms. Zhao Yiqing (Note xviii)	50	135	-	48	5	-	-	-	238
Mr. Shi Ban Chao (Note viii)	109	418	-	53	54	-	112	-	746
Mr. Song Hongtao (Note i)	2	17	-	-	6	-	-	-	25
Non-executive directors									
Dr. Wu Fu-Shea (Note ii)	109	470	-	-	-	-	-	-	579
Mr. Chen Zhenping (Note ix)	109	-	-	-	-	-	-	-	109
Mr. Wu Xiaohua (Note xix)	109	246	-	55	38	-	-	-	448
Ms. Zhao Yue (Note x)	59	-	-	-	-	-	-	-	59
Independent Non-Executive Directors									
Mr. Yang Haifeng (Note xiv)	109	-	-	-	-	-	-	-	109
Ms. Dan Xi (Note xv)	107	-	-	-	-	-	-	-	107
Mr. Fei Xiang (Note xx)	50	-	-	-	-	-	-	-	50
Dr. Chen Wei (Note xiii)	59	-	-	-	-	-	-	-	59
Mr. Tu Xinchun (Note v)	2	-	-	-	-	-	-	-	2
	924	1,336	-	156	103	-	112	-	2,631

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Notes:

(i) Mr. Song Hongtao acted as Chairman of the Board and was re-designated from a non-executive director to an executive director and act as Chairman of the Board with effect from 15 July 2022. Mr. Song was resigned as the Chairman on 4 November 2022 and was also resigned as an executive director with effect from 6 January 2023.

(ii) Mr. Wu Fu-Shea was re-designated from an executive director to a non-executive director, resigned as the Chief Executive Officer and was appointed as the Chairman of the Board with effect from 4 November 2022. Mr. Wu was resigned as the Chairman of the Board and remained to act as a non-executive director with effect from 18 July 2023.

(iii) Mr. Lam Chun Hung, Stanley was resigned as an executive director with effect from 1 March 2022.

(iv) Ms. Wang Jing was resigned as an executive director with effect from 1 March 2022.

(v) Mr. Tu Xinchun was resigned as an independent non-executive director with effect from 6 January 2023.

(vi) Ms. Zhang Yahan was resigned as an independent non-executive director with effect from 28 March 2022.

(vii) Dr. Qiao Zhonghua was resigned as an independent non-executive director with effect from 1 March 2022.

(viii) Mr. Shi Banchao was appointed as an executive director and as the Chief Executive officer with effect from 4 November 2022. Mr. Shi was resigned as the Chief Executive officer on 18 July 2023 and was also resigned as an executive director with effect from 8 January 2024.

(ix) Mr. Chen Zhenping was appointed as an executive director on 1 March 2022 and re-designated from an executive director to a non-executive director with effect from 4 November 2022.

(x) Ms. Zhao Yue was appointed as a non-executive director with effect from 4 November 2022 and resigned on 18 July 2023.

(xi) Dr. Mo Keqi ("Dr. Mo") was appointed as an executive director with effect from 1 March 2022. Dr. Mo was re-designated from an executive director to a non-executive director on 28 March 2022 and was also retired on 23 June 2022.

(xii) Mr. Jiang Senlin was appointed as a non-executive director on 28 March 2022 and retired on 23 June 2022.

(xiii) Dr. Chen Wei was appointed as an independent non-executive director with effect from 28 March 2022 and resigned on 18 July 2023.

(xiv) Mr. Yang Haifeng was appointed as an independent non-executive director with effect from 26 August 2022.

(xv) Ms. Dan Xi was appointed as an independent non-executive director with effect from 6 January 2023.

(xvi) Ms. Fan Wenxian was appointed as an independent non-executive director on 1 March 2022 and retired 23 June 2022.

33 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Notes (Continued):

(xvii) Mr. Xue Shouguang was appointed as an executive director, the Chairman of the Board and the Chief Executive Officer with effect from 18 July 2023.

(xviii) Ms. Zhao Yiqing was appointed as an executive director with effect from 18 July 2023.

(xix) Mr. Wu Xiaohua was re-designated from an executive director to a non-executive director with effect from 18 July 2023.

(xx) Mr. Fei Xiang was appointed as an independent non-executive director with effect from 18 July 2023 was re-designated from a non-executive director to an executive director with effect from 8 January 2024.

There was no arrangement under which a director waived or agreed to waive any emolument during the year ended 31 December 2023 (2022: Nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2022: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2022: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Company did not pay consideration to any third parties for making available directors' services (2022: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealing in favour of directors, controlling bodies corporate by and connected entities with such directors during the year ended 31 December 2023 (2022: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023 (2022: Nil).

34 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company has direct and indirect equity interests in the following subsidiaries:

Company name	Place of incorporation and kind of legal entity	Issued and fully paid share capital/ registered capital	Effective equity interest held		Principal activities
			2023	2022	
Directly held subsidiaries					
Prophet Technology Ltd. (先知科技有限公司)	British Virgin Islands, limited liability company	50,000 ordinary shares of US$1 each USD50,000	**100%**	100%	Investment holding
Indirectly held subsidiaries					
Blue Whale AI Technology Co., Ltd. (藍鯨智能科技有限公司)	Hong Kong, limited liability company	16,500 ordinary shares of HKD1 each HKD16,500	**100%**	100%	Investment holding
Hongkong Hongsheng Investment Co., Ltd. (香港泓盛投資有限公司)	Hong Kong, limited liability company	10,000 ordinary shares of HKD1 each HKD10,000	**100%**	100%	Investment holding
Suoxinda Shenzhen (深圳索信達數據技術有限公司)	Mainland China, limited liability company	118,000,000 ordinary shares of RMB1 each RMB118,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Suoxinda Beijing (索信達(北京)數據技術有限公司)	Mainland China, limited liability company	50,000,000 ordinary shares of RMB1 each RMB50,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Sourcing Industrial Development (HK) Co. Ltd. (索信實業發展(香港)有限公司)	Hong Kong, limited liability company	10,000 ordinary shares HKD10,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Datamargin (Hong Kong) Co., Ltd. (捷客數據(香港)有限公司)	Hong Kong, limited liability company	100,000 ordinary shares HKD100,000	**100%**	100%	Investment holding and provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services

34 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place of incorporation and kind of legal entity	Issued and fully paid share capital/ registered capital	Effective equity interest held 2023	Effective equity interest held 2022	Principal activities
Zhejiang Suoxinda Data Technology Co., Ltd. (浙江索信達數據技術有限公司)	Mainland China, limited liability company	15,000,000 ordinary shares of USD1 each USD15,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Suoxinda (Suzhou) Data Technology Co., Ltd. (索信達(蘇州)數據技術有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of USD1 each USD10,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
瑞和數智(深圳)新材料科技有限公司	Mainland China, limited liability company	30,000,000 ordinary shares of RMB1 each RMB30,000,000	**100% (Note ii)**	N/A	Trading of commodities
Shenzhen YinXing (深圳銀興智能數據有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**50.6%**	50.6%	Provision of data solutions, sales of hardware and software and related services as an integrated service
江蘇索信達數據技術有限公司	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**51% (Note (iii))**	N/A	Provision of data solutions, sales of hardware and software and related services as an integrated service

Notes:

(i) All of the above subsidiaries are limited liability companies. None of the subsidiaries had issued any debt securities during the year or at the end of the year.

(ii) 瑞和數智(深圳)新材料科技有限公司was incorporated on 17 October 2023.

(iii) 江蘇索信達數據技術有限公司was incorporated on 19 October 2023.

35 NON-CONTROLLING INTERESTS

The table below details of non-wholly owned subsidiaries of the Group, which have material non-controlling interests:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Shenzhen YinXing	**257**	4,278	**21,011**	20,754
Individually immaterial subsidiaries with non- controlling interests	**(33)**	(108)	**457**	–
	224	4,170	**21,468**	20,754

Summarised financial information in respect of the Group's subsidiary, i.e. Shenzhen Yinxing, that has material non-controlling interests is set out below.

Shenzhen YinXing is a subsidiary with 49.4% (2022: 49.4%) non-controlling interests that are material to the Group.

Summarised statement of financial position

	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
Current assets	**73,363**	77,936
Current liabilities	**(57,302)**	(64,940)
Net current assets	**16,061**	12,996
Non-current assets	**10,651**	14,021
Non-current liabilities	**(680)**	(1,505)
Net non-current assets	**9,971**	12,516
Net assets	**26,032**	25,512

35 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**84,932**	93,456
Profit for the year	**520**	8,660
Profit attributable to non-controlling interests	**257**	4,278

Summarised cash flows

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Net cash generated from operating activities	**3,108**	6,709
Net cash used in investing activities	**(3,792)**	(6,392)
Net cash generated from financing activities	**2,506**	5,221
Net increase in cash and cash equivalents	**1,822**	5,538

36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**66,622**	43,817
		66,622	43,817
Current assets			
Amount due from subsidiaries		**40,908**	56,931
Other receivables		**19**	29
Prepayments		**–**	134
Cash and cash equivalents		**25,606**	50
		66,533	57,144
Total assets		**133,155**	100,961
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	**5,950**	4,153
Other reserves	(a)	**395,917**	275,134
Accumulated losses	(a)	**(306,028)**	(196,528)
Total equity		**95,839**	82,759
LIABILITIES			
Current liabilities			
Accruals and other payables		**5,789**	3,326
Amounts due to subsidiaries		**31,527**	13,990
Amount due to a director		**–**	886
Total liabilities		**37,316**	18,202
Total equity and liabilities		**133,155**	100,961

36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note (a): Movement in the Company's other reserves and accumulated losses

	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Share-based payment reserve RMB'000 (Note 23(ii))	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	130,040	69,451	5,772	–	(4,242)	(59,900)	141,121
Comprehensive loss							
Loss for the year	–	–	–	–	–	(136,628)	(136,628)
Other comprehensive loss							
Currency translation differences	–	–	–	–	2,436	–	2,436
Total comprehensive loss for the year	–	–	–	–	2,436	(136,628)	(134,192)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(ii))	51,197	–	–	–	–	–	51,197
Issuance of awarded shares (Note 22(i))	–	–	–	(56)	–	–	(56)
Share-based payments (Note 23(ii))	–	–	20,536	–	–	–	20,536
At 31 December 2022	181,237	69,451	26,308	(56)	(1,806)	(196,528)	78,606

36 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note (a): Movement in the Company's other reserves and accumulated losses (Continued)

	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Share-based payment reserve RMB'000 (Note 23(ii))	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	181,237	69,451	26,308	(56)	(1,806)	(196,528)	78,606
Comprehensive loss							
Loss for the year	-	-	-	-	-	(109,500)	(109,500)
Other comprehensive income							
Currency translation differences	-	-	-	-	(2,112)	-	(2,112)
Total comprehensive loss for the year	-	-	-	-	(2,112)	(109,500)	(111,612)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 22(iii))	125,597	-	-	-	-	-	125,597
Share-based payments (Note 23(ii))	-	-	(2,702)	-	-	-	(2,702)
At 31 December 2023	306,834	69,451	23,606	(56)	(3,918)	(306,028)	89,889

Note:

(i) Capital reserve represents the notional capital contribution from the Company's shareholders arising from the aggregate of the nominal value of the share capital of the subsidiary acquired by the Company pursuant to reorganisation.

37 SHARE-BASED PAYMENTS

(a) Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, directors, consultants, customers and suppliers of the Company and the Company's subsidiaries. The Scheme became effective on 8 June 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$0.01 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

On 28 December 2021, 274,100 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

On 8 April 2022, 1,582,733 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

Details of the specific categories of share options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$
2021A	28 December 2021	29 December 2021 – 31 March 2022	1 April 2022 – 7 June 2030	6.33
2021B	28 December 2021	29 December 2021 – 31 March 2023	1 April 2023 – 7 June 2030	6.33
2021C	28 December 2021	29 December 2021 – 31 March 2024	1 April 2024 – 7 June 2030	6.33
2021D	28 December 2021	29 December 2021 – 31 March 2025	1 April 2025 – 7 June 2030	6.33
2021E	28 December 2021	29 December 2021 – 31 March 2026	1 April 2026 – 7 June 2030	6.33
2022A	8 April 2022	9 April 2022 – 31 March 2023	1 April 2023 – 7 June 2030	5.38
2022B	8 April 2022	9 April 2022 – 31 March 2024	1 April 2024 – 7 June 2030	5.38
2022C	8 April 2022	9 April 2022 – 31 March 2025	1 April 2025 – 7 June 2030	5.38
2022D	8 April 2022	9 April 2022 – 31 March 2026	1 April 2026 – 7 June 2030	5.38

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

The following table discloses movements of the Scheme during the year:

For the year ended 31 December 2022

	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2021A	17,500	–	–	–	–	17,500	17,500
2021B	68,525	–	–	–	–	68,525	–
2021C	68,525	–	–	–	–	68,525	–
2021D	68,525	–	–	–	–	68,525	–
2021E	51,025	51,025	–	–	–	51,025	–
2022A	–	395,683	–	–	–	395,683	–
2022B	–	395,683	–	–	–	395,683	–
2022C	–	395,683	–	–	–	395,683	–
2022D	–	395,684	–	–	–	395,684	–
	274,100	1,582,733	–	–	–	1,856,833	17,500

For the year ended 31 December 2023

	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2021A	**17,500**	**-**	**-**	**-**	**-**	**17,500**	**17,500**
2021B	**68,525**	**-**	**30,025**	**-**	**-**	**38,500**	**38,500**
2021C	**68,525**	**-**	**44,025**	**-**	**-**	**24,500**	**-**
2021D	**68,525**	**-**	**44,025**	**-**	**-**	**24,500**	**-**
2021E	**51,025**	**-**	**44,025**	**-**	**-**	**7,000**	**-**
2022A	**395,683**	**-**	**145,493**	**-**	**-**	**250,190**	**250,190**
2022B	**395,683**	**-**	**214,604**	**-**	**-**	**181,079**	**-**
2022C	**395,683**	**-**	**214,604**	**-**	**-**	**181,079**	**-**
2022D	**395,684**	**-**	**214,619**	**-**	**-**	**181,065**	**-**
	1,856,833	**-**	**951,420**	**-**	**-**	**905,413**	**306,190**

37 SHARE–BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

If the options remain unexercised after the vesting dates until 7 June 2030, the options expire. Options are forfeited if the employee leaves the Group.

No options were exercised during both of the years ended 31 December 2022 and 2023.

The options outstanding at the end of the year have a weighted average remaining contractual life of 6.43 years (2022: 7.43 years) and the exercise prices range from HK$5.38 to HK$6.33 (2022: HK$5.38 to HK$6.33). During the year ended 31 December 2023, no options were granted. The estimated fair values of the options granted on 8 April 2022 and 28 December 2021 are RMB3,842,000 and RMB898,000 respectively.

These fair values were calculated using the Binomial model. The inputs into the model are as follows:

	Granted on 8 April 2022	Granted on 28 December 2021
Weighted average share price	HK$5.38	HK$6.33
Weighted average exercise price	HK$5.38	HK$6.33
Expected volatility	56.15%	40.7%- 52.2%
Expected life	7.43 years	8.43 years
Risk free rate	2.56%	0.125%- 1.022%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price since the date of listing. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(b) Share award scheme

Pursuant to a share award scheme adopted by the Company on 8 June 2020, the Company may grant such shares to certain employees of the Group and shall be satisfied by the allotment and issue of new shares of the Company. During the year ended 31 December 2023, no shares were granted by the Company (2022: 778,579 shares) at nil consideration to the Group's employees, of which no shares (2022: Nil shares) were granted to the Company's director. The fair value of the employee services received in exchange for the grant of shares is recognised as employees benefits expenses in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company.

Five Years Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

RESULTS

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**367,945**	377,126	397,372	330,290	257,915
Gross profit	**47,127**	89,339	129,196	117,592	91,594
(Loss)/profit before income tax	**(111,179)**	(129,509)	(79,488)	(11,906)	10,515
Income tax credit/(expenses)	**2,170**	5,487	3,501	(806)	(6,391)
(Loss)/profit for the year	**(109,009)**	(124,022)	(75,987)	(12,712)	4,124
(Loss)/profit for the year attributable to:					
Owners of the Company	**(109,233)**	(128,192)	(76,238)	(13,108)	4,124
Non-controlling interests	**224**	4,170	251	396	–

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**141,519**	174,463	196,925	175,599	83,915
Current assets	**302,629**	236,420	276,767	306,142	289,761
Non-current liabilities	**16,829**	7,706	20,334	35,797	10,043
Current liabilities	**310,012**	299,664	299,188	230,297	154,073
Net current (liabilities)/assets	**(7,383)**	(63,244)	(22,421)	75,845	135,688
Total assets less current liabilities	**134,136**	111,219	174,504	251,444	219,603