索信达控股有限公司
SUOXINDA HOLDINGS LIMITED

(Incoporated in the Cayman Islands with limited liability)

Stock code: 3680

2020
Annual Report

CONTENTS

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS	Mr. Song Hongtao *(Chairman of the Board)* Mr. Wu Fu-Shea *(Effective from 10 September 2021)* Mr. Wu Xiaohua Mr. Lam Chun Hung Stanley Ms. Wang Jing
INDEPENDENT NON-EXECUTIVE DIRECTORS	Mr. Tu Xinchun Ms. Zhang Yahan Prof. Qiao Zhonghua
CHIEF EXECUTIVE OFFICER	Mr. Wu Fu-Shea
COMPANY SECRETARY	Mr. Wong Tin Yu *(ACG, ACS)*
AUTHORIZED REPRESENTATIVES	Mr. Lam Chun Hung Stanley Mr. Wong Tin Yu
AUDIT COMMITTEE	Mr. Tu Xinchun *(Committee Chairman)* Ms. Zhang Yahan Prof. Qiao Zhonghua
REMUNERATION COMMITTEE	Ms. Zhang Yahan *(Committee Chairman)* Mr. Tu Xinchun Prof. Qiao Zhonghua
NOMINATION COMMITTEE	Mr. Song Hongtao *(Committee Chairman)* Ms. Zhang Yahan Prof. Qiao Zhonghua
INDEPENDENT AUDITOR	**ZHONGHUI ANDA CPA Limited** Unit 701, 7/F. Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong
COMPLIANCE ADVISOR	**Essence Corporate Finance (Hong Kong) Limited** 39/F., One Exchange Square Central Hong Kong
HONG KONG LEGAL ADVISOR	**Miao & Co.** **(in Association with Han Kun Law Offices)** Rooms 3901–05, 39/F. Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong

Corporate Information

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PRINCIPAL PLACE OF BUSINESS IN THE PRC	Room 4101, 41st Floor, Building 2 Euro-American Financial City Cangqian Street, Yuhang District Hangzhou City, Zhejiang Province People's Republic of China
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	Level 54, Hopewell Centre 183 Queen's Road East 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
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East 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 the PRC
	China Merchants Bank **Shenzhen Weisheng Building Branch** 1st Floor, Weisheng Technology Building No. 9966 Shennan Road Nanshan District, Shenzhen the PRC
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STOCK CODE	3680

FINANCIAL HIGHLIGHTS

Financial Highlights

FINANCIAL SUMMARY

Revenue for the Reporting Period amounted to approximately RMB330,290,000, representing an increase of approximately 28.1% or approximately RMB72,375,000 as compared with 2019. Such increase in revenue was mainly due to (i) steady growth of our Group's business in southern China, which recorded an increase in revenue of approximately 32.6% or approximately RMB50,923,000 as compared with 2019; and (ii) a major breakthrough in business development in eastern China was achieved by our Group in the Reporting Period, resulting in an increase of approximately 67.9% or RMB13,324,000 in revenue generated from customers in eastern China as compared with 2019.

Gross profit for the Reporting Period amounted to approximately RMB117,592,000, representing an increase of approximately 28.4% as compared with 2019. Such increase of gross profit was mainly due to steady growth of our business. Gross margin for the Reporting Period remained relatively stable at approximately 35.6% (2019: 35.5%).

Net loss for the Reporting Period amounted to approximately RMB12,712,000 (2019: net profit of RMB4,124,000). Such change was mainly due to:

1. the continuous recruitment of senior and skilled R&D technicians by our Group to expand our research and development team. The number of R&D technicians increased from 47 in 2019 to 145 in the Reporting Period, resulting in an increase of approximately RMB18,560,000 in staff costs of R&D team over 2019;

2. our Group's business expansion in southern China, northern China and eastern China, resulted in (1) the number of sales and pre-sales staff increased from 27 in 2019 to 51 in the Reporting Period, resulting in an increase of approximately RMB7,309,000 in marketing staff cost over 2019; and (2) an increase of approximately RMB14,949,000 in management staff cost over 2019; and

3. expected credit losses on financial and contract assets of RMB15,598,000.

Basic and diluted loss per share for the Reporting Period amounted to RMB3.3 cents (2019: earnings per share of RMB1.4 cents), which was mainly due to the net loss for the Reporting Period.

Milestones in 2020

January 2020

The Shanghai branch was formally established. The Company formed a strategic layout in the three major markets of northern China, southern China and eastern China, laying a solid foundation for further expanding the market share in the financial industry and providing better customer services.

March 2020

The Group organized and held the "Zero Contact" digitalization of banks national essay contest. A total of 261 entries with more than one million words from hundreds of banks and financial institutions across the country, including in-depth industry research, cutting-edge thinking and practical operation strategy discussions, were received, which aroused an overwhelming response in the industry.

June 2020

In the 2020 Chinese Financial and Technology International Summit, the Company was awarded the honorary title of "2020 China Financial Industry Digital Marketing Leader", comprehensively enhancing its brand influence.

July 2020

In the Retail Finance (Banking) Leaders Forum in 2020, the Company was awarded the honorary title of "The Most Influential Enterprise Of Intelligent Marketing In China's Banking Industry", and its industry status was recognized.

August 2020

The Company joined hands with Huawei Cloud to launch the Suoxinda customer micro-segmentation model on ModelArts, and became the first financial marketing model launched on ModelArts.

October 2020

The Company successfully won the bid of the financial technology project of Shanghai Pudong Development Bank, which was the first significant project of the Company in eastern China, and also the first cooperation between the Company and Shanghai Pudong Development Bank, which is a milestone development for the Company.

December 2020

The Company acquired Shenzhen Yinxing in consideration of the cash payments and allotment of Shares, adding wings to the tiger and continuing to deploy in the big data market segment.

CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual report of Suoxinda Holdings Limited and our subsidiaries (the "Group") for the Reporting Period.

The year 2020 was an extraordinary year, with all sectors of the country being affected by major public health incidents to varying degrees. The outbreak of the pandemic has witnessed the power of digitalization, and new infrastructure has become an irresistible trend. The digitalization of financial sector has been brought to a very high standard by CBIRC, which requires the financial sector to increase investment, enhance its financial digitalization capabilities, and reduce dependence on third-party companies with data traffic for business. All of these have created a better opportunity for the market expansion of Suoxinda. Over the years, Suoxinda has been focused on digital marketing in the financial sector, enabling data to realize the value of insights. In this context, we have seen rapid growth in our Company and a significant increase in the amount of purchases from our core customers.

Currently, we have completed a number of benchmarking cases for many leading banks in the financial sector, especially in the area of digital marketing for banks, and built highly competitive products and market reputation in this segment. In 2020, our first year of listing, we focused on increasing our investment in marketing and completed market layout in many cities, forming three major markets in northern China, southern China and eastern China to cover more financial customers. In the meanwhile, we also enhanced our R&D delivery team with R&D investment during the Reporting Period, reaching 270% of the previous year. Under the leadership of Mr. Wu Fu-Shea, our chief executive officer, Suoxinda had gathered many core talents from the world's top data analytic companies to provide full technical support for our Company's leading position in the industry.

In 2021, we will continue to take "becoming an AI big data company with worldwide influence" as our development goal and vision. We will strengthen our Company's capabilities on the recruitment of international technical talents and market expansion, deepen domestic market, and achieve a comprehensive coverage over leading as well as medium-sized customers. For the tail customers, we will actively use the SaaS model and complete the marketing and business implementation by the way of digital cooperation. Meanwhile, we will actively construct a cooperation network comprising upstream and downstream enterprises within the ecosystem and share the opportunities offered by the market.

Song Hongtao
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

Mr. Wu Fu-Shea
Chief Executive Officer

2020 BUSINESS REVIEW

1 Our overall performance achieved sustainable and rapid growth

With global economic slowdown due to the pandemic and intensifying trade tensions, China's economy has also been greatly affected during the pandemic. Despite the complex and volatile external environment, our Group, as a major market leader in big data and artificial intelligence ("AI") services industry in China, has achieved a rapid growth of 28.1% in overall revenue as compared with that of 2019, by leveraging our technological strength, stable customer base, our development strategy of focusing on financial industry, and our talent and brand development. This is another great achievement we have made in business development after a 39.0% growth in revenue in 2019, which further consolidated our position as a renowned service provider in the big data and AI services industry.

We have developed the markets in southern China, northern China and eastern China in parallel. In order to accelerate regional market development and localization services, during the Reporting Period, we increased investments in northern China and eastern China, hired experienced and talented industry professionals to lead us and established new offices in Hangzhou, Chengdu, Dalian and Xiamen. With a strong team of professionals in the three regions as the command center and covering the places where the headquarters of leading financial institutions in China are located, we are able to provide stable and rapid service support to Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and Chengdu, further consolidating and expanding our market presence as a renowned service provider in the big data and AI services industry.

For customers and services, we made major breakthroughs and great successes during the Reporting Period, which demonstrated our unique competitive advantages. For example, our eastern China team was newly established in Shanghai in 2020. Soon after, it successfully cooperated with a leading joint-stock bank and won the bidding for the precision marketing system construction project. This is a strong step for our eastern China team to secure a foothold in Shanghai and enter into the eastern China market. In northern China, we successfully won the bidding for headquarters-level projects including the data lake project of a leading state-owned bank, the data analysis and application project of a leading joint-stock bank, as well as business strategy planning and quick win consulting project of a leading joint-stock bank. This marks our implementation of comprehensive end-to-end technology and services covering fields such as big data platform, big data analysis and application, digital marketing as well as financial consulting in the places across the country where the banks' headquarters located. In southern China, in addition to continuing to consolidate and expand our cooperation with existing customers, we also achieved breakthroughs in new areas, overtook many competitors and won the precision marketing projects of a leading securities company, a leading urban commercial bank and the card center of a joint-stock bank.

During the Reporting Period, we continued to maintain cooperation with leading financial institutions to achieve more project conversions and extensions. Our service coverage among the Top 15 banks increased from 53% in 2019 to 80% in the Reporting Period. This further enhances our competitiveness to win top customers. For small and medium-scale banks, we moved forward with a main focus in providing integrated projects covering intelligent marketing platform construction, big data analysis and financial business consulting, which could provide small and medium-scale banks with accurate, fast, direct and effective one-stop services from planning, technology to implementation. Particularly, our benchmark projects include the customer tagging platform project of a leading rural commercial bank, where we provided end-to-end solutions from platform construction, data analysis to scene applications. We have expanded into the industries of securities, insurance and financial holding companies, we won the bid for the intelligent marketing platform project of a leading securities company, which became the touchstone for our entry into the securities industry, and opened the way to a new sector. During the trial operation period, such platform helped our customer to improve the marketing effectiveness by 5 times.

2 Completed AI innovative research and product system construction

The sustainable and rapid growth of our overall performance was attributable to our strategic commitment and investment in intelligent marketing product and AI research and development ("R&D") over the past year. During the Reporting Period, R&D expenses increased 140.9% as compared with last year. In addition, we have been devoted to the R&D of the cutting edge big data and AI technologies, products and their applications, to deeply integrate AI technology with financial business scenarios, to help customers rapidly improve the efficiency, reduce costs and risks. As at 31 December 2020, we have achieved R&D and deployment of 6 Lingxi serial products and 7 model factory serial products, applied for up to 43 patents, and obtained a total of 90 computer software copyright registration certificates.

Our strength in big data and AI technologies are essential to our successful development and delivery of innovative solutions. We constantly increase investments in machine learning, natural language processing, knowledge graph and other relevant technologies. During the Reporting Period, our AI innovation center has successively recruited a number of top talents, and focused on the applications of cutting-edge AI technology in the financial field, including increased intensive researches in the model management platform, model factory and customer micro-segmentation. Through partnering with Huawei Cloud, Suoxinda analytical model was launched on Huawei ModelArts, which can transform the common structured data of the banking industry into deep image features through the structural gravity imaging, zero-value merge and quadratic binning, image automatic coding and other innovative deep learning algorithms. This provides the tactical level micro-segmentation, and accurately describes customers' asset preferences. The efficiency of data processing is improved by 400 times, and model accuracy is increased by 20% to 40%, which greatly improves Suoxinda's capability to create value for customers through technology.

To become a leading service provider in the intelligent marketing field, we have constantly upgraded and enriched our intelligent marketing product system. During the Reporting Period, we upgraded and optimized new versions of intelligent marketing platform, real-time marketing platform, personalized recommendation system, tag management platform and introduced a novel marketing content management platform and customer profile module at the same time. In addition, our AI innovation center has also released a new series of model management platform products and planning. We are committed to productizing and microservicing our core data capabilities and industry experience, and constantly upgrade our large-scale digital capabilities to fully meet the needs of financial customers in digital marketing business and technological development.

The products we released have been widely recognized by financial customers, and we have successfully won the bidding for many benchmark product construction projects, including the intelligent marketing operation platform project of a leading joint-stock bank based on our Lingxi intelligent marketing platform, the intelligent marketing project of a leading securities company, the customer tagging platform consulting and platform construction project of a leading rural commercial bank based on our tagging platform. This means large joint-stock banks, city and rural commercial banks and leading customers of the securities industry fully recognize our products. Following the demonstration effects of these three benchmark cases, we have successfully signed relevant projects with other urban commercial banks and securities companies.

3 End-to-end service capability deployment

To meet the demands of customers for the end-to-end service package, and strengthen Suoxinda's competitiveness in the big data and AI services field, we have conducted extensive research on and tracking of the relevant targets in the market. During the Reporting Period, we acquired Shenzhen Yinxing Intelligent Data Co., Ltd. ("Shenzhen Yinxing"), the No.1 brand of domestic Cloudera services. Shenzhen Yinxing plays a leading role in Hadoop market in China, and occupied over one third of market share in Cloudera's Hadoop platform field in 2019. Especially in southern China, northern China and southwest regions, it is the largest business partner and technology service provider of Cloudera. Its main customers are leading domestic banks, small and medium-scale financial institutions and large enterprises in the fields of electricity and telecommunications.

The acquisition of Shenzhen Yinxing enables Suoxinda to enhance its capabilities in the underlying platform of big data, to expand its existing customer coverage and existing technology team, and to accelerate its business growth in the big data platform field and establish a leading position therein. Moreover, Shenzhen Yinxing has accumulated a strong and stable base of important customers in the financial industry, which provides many cross-selling opportunities for Suoxinda and may further increase its market share. The strategic acquisition provides strong synergy effects and driving force for Suoxinda's growth and development.

4 Organization and corporate culture cultivation

In 2020, the total number of our staff increased by more than 50%. Particularly, our professional team of big data and AI achieved 101% growth in scale.

In order to effectively support the development of business capabilities and enhance the overall attractiveness for talents, we have upgraded the overall organizational structure, recruitment mechanism and staff ranking system of our Group. With the unified organizational culture as the link and the staff ranking system as the foundation, we have established Suoxinda's systems regarding staff ranking, performance management, compensation and welfare and equity incentive, thereby forming a unified standard of organizational languages within our Group and shaping Suoxinda's corporate culture and brand.

2021 OUTLOOK

1 Overview

Looking into 2021, there are both opportunities and challenges in the market as well as uncertainties in the global macro economy. With the online business development and service upgrade in financial industry and coupled with extensive and serious social alienation caused by COVID-19 pandemic, the demand for digitalization of the financial industry also expects an explosive growth.

Considering strong support for and investments in the digital industry by the government in 2021, we will actively revolve around digital finance and bring our leading big data and AI technologies in financial sector to more financial institutions and improve the digital service capabilities of financial industry. We will closely focus on the field of financial digitalization segmentation, and provide our core technology and business experiences in a multi-channel and multi-dimensional way. With our prospective investment deployment in talent teams and product R&D in 2020 as well as our stronger foundation in the expansion of customer base in the market, we are confident in keeping a rapid growth trend and achieving a consistently high revenue growth in 2021. In terms of specific implementation of our strategies, we will expand our overall business horizontally while explore deeply and vertically. We will strengthen our "consultation + product + delivery" end-to-end data intelligent integration service capability and enhance the R&D of products and services and AI innovation to increase our competitive advantages. In addition, we will continue the construction of organization, brand and ecology, aiming to become the leading provider of big data and AI services.

2 Market and customer strategies

Deepening cooperation with top customers and accelerating the relationship development with small and medium-scale customer

I. Broadening and deepening businesses relating to major banks — focusing on providing high-value services and conducting joint research and development

In terms of top banks, endogenous cooperation will be deepened for projects in progress by developing into multi-phase mode; and in terms of horizontal development, we will broaden the scope of cooperation by cross-selling, in particular, connecting different departments by horizontal cooperation at the headquarters level. We will provide comprehensive, top-level and systematic service solutions to the head office/headquarter level institutions according to their business characteristics and cooperate with branch office/sub-departmental level institutions with local characteristics to provide scenario-based services.

In addition, we will actively join the big data supplier framework resource pool of banks to establish trust relationships. Through the long-term and in-depth cooperations with leading banks, we will engage more large-scale and advanced benchmark projects to provide new enabling-drivers for our Group's business development and technology R&D.

With the gradual shifts to "consultation + product + delivery" mode and on the basis of the successful solutions provided to leading banks, we will further carry out in-depth cooperations with the R&D center and the big data center to provide high-value services, and conduct joint development on AI products (such as model management platform and model factory) and products of central marketing platform. Professional positions with business mindset will be introduced into our projects, including consultants, business experts and demand analysts, to guarantee the controllability of demands in projects and operability of solution implementation. We will continuously strengthen close communications with customers to enhance customer satisfaction and improve our ability of business opportunity tapping and conversion. The joint development model with large financial institutions can ensure Suoxinda's leading position in terms of big data and AI in the financial industry.

II. Accelerating the relationship development with medium and small-scale financial institutions — to help medium and small-scale banks implement digital transformation scenarios

With the development of COVID-19, medium and small-scale financial institutions' perception towards the construction of internet, digitalization, intellectualization is currently emerging and in the intense deployment stage. Medium and small-scale financial institutions are increasingly interested in the digital transformation, and highly desire to learn digital transformation experience of leading banks.

For the urban commercial banks that have cooperation experiences with us, we will increase the loyalty of customers by providing our unique products, and promote the construction of digitalization and intelligentization on the basis of digital capacity infrastructure. For the other urban commercial banks and rural commercial banks that have not yet cooperated with us, we will serve as a scenario service provider to achieve "fast, accurate and effective" implementation of short-term, stable and rapid projects through digital transformation planning, to bring value to customers quickly, and provide subsequent services on this basis.

3 Products and R&D strategies

In terms of products and R&D, we will strengthen basic research, deepen product application, explore joint R&D and SaaS mode

I. Continue to increase investments in innovation and products, and achieve product system layout and market promotion

In 2021, we will continually upgrade the basic big data platform, AI application and management platform, and intelligent marketing platform to meet the changing needs of customers and evolving standards in the industry.

In terms of the basic big data platform, we will further enhance Suoxinda's leadership in Hadoop big data platform and applications, relying on the products and capabilities of Shenzhen Yinxing as acquired by us. In the aspect of AI application and management platform, we will strive to make a breakthrough in the R&D of model factory serial products and also in customer development. For intelligent marketing serial products, combined with the application and promotion of current benchmark customers, we will continue to upgrade and optimize the existing 6 Lingxi products, and strive to be the first-preferred products for customers in the intelligent marketing field.

II. Development of joint R&D mode with high-end customers

For leading customers in the financial industry, on the one hand, because of the needs of business innovation, certain application scenarios in the industry have not been explored, and there are no ideal digital products to support the needs of business innovation. On the other hand, considering the demands for independence and controllability, these customers would like to research together with leading players in the industry, and jointly develop advanced products and applications in the industry.

To meet the needs of leading customers in digital innovation, independence and controllability, we will be an early mover of the joint R&D mode with high-end customers. Through joint R&D mode, we are able to maintain a leading position in digital innovation and applications. These benchmark projects help us to continuously promote and extend products to urban commercial banks and rural commercial banks and other medium and small-scale customers.

III. Explore SaaS mode of products in medium and small-scale customers

SaaS mode is the trend of technological development. Although our products are technically ready for SaaS mode, however, due to the regulatory situation and development stage of financial technological market, the current application of SaaS in financial institutions are still at the stage of exploration. We will explore the application of SaaS in compliance with regulations. For example, we will work with ecological partners, to quickly empower medium and small-scale banks through SaaS mode, and improve the digital level of medium and small-scale financial institutions, thereby further strengthening the leading position of Suoxinda in the digital marketing field of the financial industry.

4 Ecological partner strategy

In 2021, Suoxinda will expand the strategic cooperation and ecological construction plan in the following three aspects: I. to strengthen the cooperation with technology giants and join the financial business ecosystem of internet giants, including Huawei, ByteDance, Alibaba and Tencent; II. to cooperate with leading and large financial technology companies and become their value partner in the digital marketing field, such as CCB Fintech, One Account Financial Technology and UnionPay Data; III. to actively establish the upstream and downstream partner ecosystem based on Suoxinda Lingxi's integrated intelligent marketing serial products, build up the capability of overall solution, optimise customer experience and enhance market competitiveness.

As the professional solution provider in the financial digital marketing field, Suoxinda will strengthen its cooperation with leading technology giants by leveraging on their information technology innovative basic platforms and strong ecological environment as well as the business consulting and solution capabilities of Suoxinda in the financial industry, both parties will develop unique jointly-created solutions in the industry and establish competitive financial product portfolio, so as to complement each other's advantages, and make joint cooperation and exploration in the market, thereby providing comprehensive services to financial customers of both parties.

In the cooperation with leading large financial technology companies, Suoxinda can rely on the security and reliability of financial cloud, and explore the suitable marketing scenarios for providing SaaS services. In addition, we will perform joint operation or agent operation cooperation with licensed organizations to increase the breadth and depth of products through practical experience, so as to improve customer satisfaction. On the other hand, in the process of digital empowerment promotion undertaken by large financial technology companies, Suoxinda as the professional company in the financial marketing field can also help to enhance the overall competitiveness of their products in the marketing field.

As the financial customers increasingly demand for diversified, flexible, efficient and available marketing, Suoxinda is also seeking partners for the technology, business and operation in the marketing field of the financial industry, in addition to our increasing investments in continuous R&D activities of Lingxi series products, so as to improve Suoxinda's comprehensive strength of providing overall solutions by learning from partners' strengths and create a marketing ecosystem with customer demand as the center and ultimate experience as the goal.

5 Mergers and acquisitions (M&A) development strategy

Relying on our established leadership in the data field and overall resources that we have developed after the listing of our Company, we will accelerate the integration of teams or companies which have synergy effects with Suoxinda in respect of business, technology and customers. On the one hand, we will rapidly expand our coverage of the market, and on the other hand, we will form a professional team with more economic scale to take use of huge business opportunities driven by the digital transformation and information technology application innovation, so as to strengthen our leading position in the market. To achieve this target, our Company has set up the professional investment team and management committee, to determine a definite investment direction and target list.

Management Discussion and Analysis

FINANCIAL REVIEW

1. Revenue

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue		
— Data solutions	**196,924**	166,440
— Sales of hardware and software and related services as an integrated service	**97,201**	54,742
— IT maintenance and support services	**36,165**	36,733
	330,290	257,915

For the Reporting Period, we recorded revenue of approximately RMB330,290,000, representing an increase of approximately 28.1%, or approximately RMB72,375,000 over 2019. Such increase in revenue was mainly due to (i) steady growth of our Group's business in southern China, which recorded an increase in revenue of approximately 32.6% or approximately RMB50,923,000 as compared with 2019; and (ii) a major breakthrough in business development in eastern China was achieved by our Group in the Reporting Period, resulting in an increase of approximately 67.9% or RMB13,324,000 in revenue generated from customers in eastern China as compared with 2019.

Including:

Revenue from data solutions was approximately RMB196,924,000, representing an increase of approximately 18.3%, or approximately RMB30,484,000 over 2019, such increase was mainly due to two new leading bank customers and steady growth of orders from our existing financial bank customers during the Reporting Period.

Revenue from sales of hardware and software and related services as an integrated service was approximately RMB97,201,000, representing an increase of approximately 77.6%, or approximately RMB42,459,000 over 2019, such increase was mainly due to an increase in sales of our core products by 71.0% or approximately RMB15,568,000 during the Reporting Period as compared with 2019.

Revenue from IT maintenance and support services was approximately RMB36,165,000, basically the same as that of 2019.

2. Gross profit and gross margin

Gross profit for the Reporting Period amounted to approximately RMB117,592,000, representing an increase by approximately 28.4%, or approximately RMB25,998,000 as compared with that of 2019. Such increase of gross profit was mainly due to steady growth of our business. Gross margin for the Reporting Period remained stable at approximately 35.6% (2019: 35.5%).

3. Selling expenses

For the Reporting Period, we recorded an increase of approximately 94.7%, or approximately RMB12,060,000 in selling expenses over 2019. Selling expenses accounted for approximately 7.5% of our revenue (2019: approximately 4.9%). The increase in the selling expenses was mainly due to the enhancement of marketing ability and brand promotion of our Group, in particular: (1) the number of sales and pre-sales staff increased from 27 in 2019 to 51 in the Reporting Period, resulting in an increase of approximately 106.4% or approximately RMB7,309,000 in marketing staff cost over 2019; (2) an increase of approximately 211.4% or approximately RMB5,396,000 in promotion expenses of our brands over 2019.

4. Research and development expenses

For the Reporting Period, we recorded an increase of approximately 140.9% or approximately RMB24,652,000 in R&D expenses over 2019. Such expenses accounted for approximately 12.8% (2019: approximately 6.8%) of our revenue for the Reporting Period. Such increase in the R&D expenses was mainly due to the continuous recruitment of senior and skilled R&D technicians by our Company for the Reporting Period to expand our R&D team. The number of R&D technicians increased from 47 in 2019 to 145 in the Reporting Period, resulting in an increase of approximately 228.0% or approximately RMB18,560,000 in staff costs of R&D team over 2019.

5. Administrative expenses

For the Reporting Period, we recorded an increase of approximately 16.5% or approximately RMB7,953,000 in administrative expenses over last year, mainly due to (1) employee benefit expenses for the administrative staff, which was expanded from 53 to 76 personnel, increased by approximately 133.1% or approximately RMB14,949,000 over 2019; (2) consulting service fees increased by 1,984.3% or approximately RMB6,945,000 over 2019.

6. Income tax expenses

For the Reporting Period, we recorded a decrease of approximately 87.4% or approximately RMB5,585,000 in income tax expenses as compared with that of 2019. The decrease in income tax expenses was mainly due to the loss before income tax for the Reporting Period, excluding the effect of non-deductible expenses, included but not limited to listing expenses, share-based compensation, and expected credit losses on financial and contract assets.

7. Net Loss for the year

Net loss for the Reporting Period amounted to approximately RMB12,712,000 (2019: net profit RMB4,124,000). Net loss for the Reporting Period was mainly due to:

1. the continuous recruitment of senior and skilled R&D technicians by our Group to expand our R&D team. The number of R&D technicians increased from 47 in 2019 to 145 in the Reporting Period, resulting in an increase of approximately RMB18,560,000 in staff costs of R&D team over 2019;

2. our Group's business market expansion in southern China, northern China and eastern China, resulting in (1) the number of sales and pre-sales staff increased from 27 in 2019 to 51 in the Reporting Period, resulting in an increase of approximately RMB7,309,000 in marketing staff cost over 2019; and (2) an increase of approximately RMB14,949,000 in management staff cost as compared with 2019;

3. expected credit losses on financial and contract assets of RMB15,598,000.

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

For the Reporting Period, the loss for the year attributable to owners of the Company was approximately RMB13,108,000 (2019: profit attributable to owners of the Company was approximately RMB4,124,000). Such decrease was mainly due to:

1. the continuous recruitment of senior and skilled R&D technicians by our Group to expand our R&D team. The number of R&D technicians increased from 47 in 2019 to 145 in the Reporting Period, resulting in an increase of approximately RMB18,560,000 in staff costs of R&D team over 2019;

2. our Group's business market expansion in southern China, northern China and eastern China, resulting in (1) the number of sales and pre-sales staff increased from 27 in 2019 to 51 in the Reporting Period, resulting in an increase of approximately RMB7,309,000 in marketing staff cost over 2019; (2) an increase of approximately RMB14,949,000 in management staff cost year-over-year;

3. expected credit losses on financial and contract assets of RMB15,598,000.

9. (Loss)/earnings per share

Basic and diluted loss per share for the Reporting Period amounted to RMB3.3 cents (2019: earnings per share of RMB1.4 cents). This was mainly due to the net loss of for the Reporting Period.

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

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net cash (outflows in)/inflows from operating activities	**(89,592)**	27,449
Net cash outflows in investing activities	**(19,736)**	(23,766)
Net cash inflows from financing activities	**6,010**	130,338

Apart from the proceeds received from the Share Offer (as defined below), our working capital mainly comes from net cash generated from our operating activities. Our Board expects that our Group will use the net cash generated from operating activities and bank loans for working capital and other capital expenditures.

The balance of our Group's cash and cash equivalents as at 31 December 2020 was approximately RMB74,184,000, representing a decrease of approximately RMB104,268,000 as compared with cash and cash equivalents as at 31 December 2019.

A. *Operating activities*

Net cash used by our Group in operating activities for the Reporting Period was approximately RMB89,592,000, while the net cash generated from operating activities for 2019 was approximately RMB27,449,000. The decrease in net cash from operating activities was mainly due to an increase in contract assets/liabilities, trade receivables and prepayments and other financial assets measured at amortised cost.

B. *Investing activities*

The net cash used by our Group in investing activities in the Reporting Period was approximately RMB19,736,000, mainly including:

(1) external investment in an associate and a subsidiary of RMB11,692,000; and

(2) related expenses for purchase of equipment and intangible assets of approximately RMB49,485,000.

C. *Financing activities*

The net cash generated from financing activities of our Group in the Reporting Period was approximately RMB6,010,000, mainly comprised of proceeds from the bank loans.

D. Capital expenditures

For the Reporting Period, our Group recorded capital expenditures of approximately RMB49,485,000, mainly comprised of the costs for purchasing equipment and intangible assets. All capital expenditures were financed from our internal sources, bank borrowings and proceeds from the Share Offer.

11. Capital structure

Bank and other borrowings

As at 31 December 2020, we have short-term bank borrowings of approximately RMB80,885,000 and other short-term borrowings of approximately RMB6,438,000.

Debt securities

As at 31 December 2020, our Group had no debt securities.

Contingent liabilities

As at 31 December 2020, our Group had no major contingent liabilities or guarantees.

Treasury policy

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

Gearing ratio

As at 31 December 2020, the gearing ratio of our Group was approximately 40.5% (2019: 31.9%). The increase of gearing ratio was mainly due to short-term borrowings for the Reporting Period increased by approximately RMB29,495,000 as compared with 2019.

Gearing ratio was calculated based on our total bank and other borrowings as at the end of each year divided by our total equity as at the same date.

12. Pledge of assets

As at 31 December 2020, bank borrowings of our Group were secured and/or guaranteed by:

(i) corporate guarantee from an independent third party of RMB30,000,000 (2019: RMB8,000,000);

(ii) building of our Group of approximately RMB11,576,000 (2019: RMB12,299,000);

(iii) pledged bank deposits of approximately RMB5,359,000 (2019: RMB6,503,000);

(iv) trade receivables outstanding from certain customers of our Group of approximately RMB13,338,000 (2019: RMB9,404,000);

(v) other deposits of our Group of RMB1,000,000 (2019: RMB800,000); and

(vi) personal guarantee from directors of our Company and their spouses.

As at 31 December 2020, other borrowings of our Group were secured by:

(i) other deposits of our Group of RMB1,200,000 (2019: RMB1,200,000); and

(ii) certain equipment of our Group of approximately RMB2,244,000 (2019: RMB3,258,000).

13. Capital commitments

As at 31 December 2020, our Group had no capital commitments.

14. Significant investments in or material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Reporting Period, we acquired a 56% equity interest in Shenzhen Yinxing at a consideration of RMB11,900,000, which shall be satisfied by way of: (1) cash payment in the aggregate amount of RMB1,900,000; and (2) allotment and issue of 2,552,325 shares of our Company (the "Shares") to the vendors at the issue price of HK$4.65 per Share under the general mandate upon completion of the acquisition.

Because of an inadvertent clerical error, our Company had issued 2,150,537 Shares to the vendors upon completion, which represents a shortfall of 401,788 Shares ("Outstanding Shares"). On 18 March 2021, our Company and the vendors entered into a settlement agreement, pursuant to which our Company shall pay the vendors a total sum of RMB1,574,203 as replacement for the Outstanding Shares. The determination of the settlement sum is based on the total number of Outstanding Shares with the issue price of HK$4.65 per Share and the applicable exchange rate. Please refer to the announcements of our Company dated 9 December 2020, 11 December 2020 and 18 March 2021 for details of acquisition of Shenzhen Yinxing.

Save as disclosed above, there were no significant investments in or material acquisitions and disposals of joint ventures during the Reporting Period.

15. Foreign exchange risk exposure

Our Group has certain exposures to foreign currency risk as most of our business transactions, assets and liabilities are principally denominated in the functional currencies of the respective group entities. Our Group implemented an effective management policy to monitor closely changes in foreign exchange rates and review regularly foreign exchange risks. Our Group will consider hedging significant foreign currency exposure when necessary.

16. Future plans for material investments or capital assets

As disclosed in the section headed "Use of Net Proceeds from the Share Offer" below, our Group intended to apply the unutilized Net Proceeds (as defined below) of HK$10.51 million as at 31 December 2020 for the development of the financial AI laboratory, the display centre and the office facilities on or before 31 December 2020. Save as disclosed, our Group currently do not have other plans for material investments or capital assets.

DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

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. Song Hongtao (宋洪濤), aged 44, is the chairman of our Board and executive Director. He is responsible for the overall operation, management and formulation of business strategy of our Group. He joined our Group in June 2004 as the sales manager and was appointed as the deputy general manager in May 2006 and was appointed as the general manager and a director of our Group in December 2015. He obtained a bachelor's degree in law from Southern Institute of Metallurgy (南方冶金學院) (now known as Jiangxi University of Science and Technology (江西理工大學)) in June 2000. He is also the chairman of the Nomination Committee of our Company.

Mr. Song has over 15 years of experience in the information technology service industry. In particular, Mr. Song has 8 years of experience in data solution services since 2013. Prior to joining our Group, Mr. Song served as a business manager of Shenzhen Meicheng Technology Company Limited* (深圳市美承科技有限公司) from June 2001 to May 2004.

Mr. Wu Fu-Shea (吳輔世), aged 62, has been appointed as our chief executive officer since 26 March 2020. He is responsible for the management of business and operation of our Group. 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, Mr. Wu served as the chief advisor of Suoxinda Shenzhen and was appointed as the general manager of Shenzhen Suoxinda Data Technology Co., Ltd* (深圳索信達數據技術有限公司) ("Suoxinda Shenzhen") on 13 December 2019. He was also appointed as an executive Director on 10 September 2021.

With the working experience in the PRC big data solutions industry for over 20 years, Mr. 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, Mr. 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 47, is our executive Director. He has also been the chief executive officer of the Company until 26 March 2020. He is responsible for the overall management and formulation of business strategy of our Group. 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 obtained a bachelor's degree in production automation from Shenzhen University (深圳大學) in June 1995.

Mr. Wu has over 13 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.

Directors, Senior Management and Company Secretary

Mr. Lam Chun Hung Stanley (林俊雄), aged 61, is our executive Director. He is responsible for the overall formulation of business strategy of our Group. He joined our Group in July 2014 as the chief consultant and was appointed as a director of our Group in December 2015. He obtained a bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1983.

Mr. Lam has over 35 years of experience in the information technology service industry. Prior to joining our Group, he worked at (i) IBM China/Hong Kong Corporation from June 1983 to December 1991, and from October 1992 to September 1997, with his last position serving as manager, client operation in the banking, finance and security industry solutions function sector; (ii) Teradata (Hong Kong) Limited from September 1997 to January 2012, with his last position serving as a sales director; (iii) SAP Hong Kong Co. Limited in Hong Kong from March 2012 to October 2012, with his last position serving as a HK country manager and (iv) SAS Institute Limited in Hong Kong from December 2012 to June 2014 serving as the managing director.

Ms. Wang Jing (王靜), aged 43, is our executive Director. She is responsible for the overall operation and human resources management of our Group. She joined our Group in August 2010 as the human resource manager and was later promoted as the assistant to the general manager in August 2013. In July 2016, she was appointed as the secretary of the board of directors of Suoxinda Shenzhen, our subsidiary. She received a graduation certificate in administrative management (correspondence course) issued by Hubei University of Technology (湖北工業大學) in June 2004. She also obtained the Certificate of Training for Senior Management of Listed Companies (Senior Management (Independent Director) of the listed companies of the Shenzhen Stock Exchange, Pei Xun Zi No. (1607717917))* (上市公司高級管理人員培訓結業證（深交所公司高管（獨立董事）培訓字(1607717917)）) from the Shenzhen Stock Exchange in October 2016.

Ms. Wang has engaged in human resources administration for over 15 years and gained 8 years of experience in corporate management since 2013. Prior to joining our Group, she served as (i) the personnel administration manager of Shen Zhen Long Xing Shi Industry Co., Ltd (深圳市龍興仕實業有限公司) from May 2003 to February 2004; (ii) the human resources manager of Shenzhen Lize Intelligent Technology Company Limited* (深圳麗澤智能科技有限公司) from May 2004 to March 2008; and (iii) the human resources manager of Shenzhen Jinkaitai Telecommunication Devices Company Limited* (深圳市金凱泰通訊設備有限公司) from April 2008 to June 2010.

Independent Non-executive Directors

Mr. Tu Xinchun (涂新春), aged 43, was appointed as our independent non-executive Director on 15 November 2019. He is responsible for overseeing the management of our Group independently. He is also the chairman of the Audit Committee and a member of the Remuneration Committee of our Company.

Mr. Tu graduated with a bachelor's degree in Management from the School of Economics and Management of Lanzhou University (蘭州大學) in the PRC in July 2001. He is also a member of the Chinese Institute of Certified Public Accountants since July 2003.

Prior to joining our Group, Mr. Tu worked at (i) Pan-China Certified Public Accountants LLP* (天健會計師事務所) from July 2001 to December 2005 with his last position serving as a manager; (ii) Grant Thornton International Ltd (致同會計師事務所) from January 2006 to June 2010, with his last position serving as a partner in the Shanghai branch office; (iii) Ruihua Certified Public Accountants* (瑞華會計師事務所) as a partner from June 2010 to June 2020; (iv) Dahua Certified Public Accountants* (大華會計師事務所) as a partner since July 2020.

Directors, Senior Management and Company Secretary

Ms. Zhang Yahan (張雅寒), aged 44, was appointed as our independent non-executive Director on 15 November 2019. She is responsible for overseeing the management of our Group independently. She is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of our Company.

Ms. Zhang graduated with a bachelor's degree in law from the Southern Institute of Metallurgy (南方冶金學院) (now known as Jiangxi University of Science and Technology (江西理工大學)) in June 2000 and further obtained an Executive Masters of Business Administration in Finance from the Shanghai Advanced Institute of Finance Shanghai Jiao Tong University* (上海交通大學上海高級金融學院) in June 2016.

Prior to joining the Group, Ms. Zhang worked at Stanley & Partners Investment Management Co., Ltd. (基強聯行投資管理（中國）有限公司), a company which provides financing and real estate services, from March 2003 to February 2017, with her last position serving as a partner. Since February 2017, she has been serving as a director and general manager of Shanghai Blue Mountains Asset Management Co., Ltd.* (上海藍山資產管理有限公司), which provides management services for companies.

Prof. Qiao Zhonghua (喬中華), aged 43, was appointed as our independent non-executive Director on 15 November 2019. He is responsible for overseeing the management of our Group independently. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of our Company.

Prof. Qiao graduated with bachelor's degree in Applied Mathematics and master's degrees in Computational Mathematics from Zhengzhou University (鄭州大學) in the PRC in June 2000 and July 2003, respectively. He also graduated with a doctor of philosophy in Computational Mathematics from the Hong Kong Baptist University in November 2006.

Prior to joining our Group, Prof. Qiao was a post doctoral research associate in the Centre for Research in Scientific Computation at North Carolina State University from July 2006 to July 2008. He had served as an assistant professor and later as a research assistant professor of the Department of Mathematics at the Hong Kong Baptist University from August 2008 to December 2011. He also served as an assistant professor at the Department of Applied Mathematics at the Hong Kong Polytechnic University from December 2011 to June 2017 and associate professor from July 2017 to June 2021. Since July 2021, he has been a professor at the Department of Applied Mathematics at the Hong Kong Polytechnic University.

Prof. Qiao was selected as one of the 10 RGC Research Fellows 2020/2021 by The Research Grants Council of Hong Kong, and he was awarded the Hong Kong Mathematical Society Young Scholars Award 2018 by the Hong Kong Mathematical Society in May 2018.

Directors, Senior Management and Company Secretary

SENIOR MANAGEMENT

Mr. Song Aihua (宋愛華), aged 42, is the vice president and general manager of northern China and southwest China team of our Group and he joined our Group on 11 November 2019. He graduated from Jilin University* (吉林大學) in July 2000 with a bachelor's degree in automation technology.

He has over 20 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; (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.

Mr. Zhang Lei (張磊), aged 49, is the chief scientist of our Group and he joined our Group on 10 February 2020. He graduated from Shanghai Maritime College* (上海海運學院) with a master's degree in computer applications in July 1999 and further obtained a doctor of engineering from the Institute of Computing Technology, Chinese Academy of Sciences* (中國科學院) in August 2002.

He has over 25 years of working experience with respect to data analysis applications in the financial industry. Based on his expertise in data science and in-depth practical experience, he became a specially appointed professor of Big Data at Beijing University of Aeronautics and Astronautics* (北京航空航天大學) from April 2014 to April 2015 and a part-time tutor of professional degree at Huazhong University of Science and Technology* (華中科技大學) from September 2013 to August 2015.

Prior to joining our Group, he worked for (i) Teradata Information Systems (Beijing) Limited* (北京美商安迅信息系統有限公司) from July 2002 to April 2006 as a senior manager of the data warehouse business unit and head of the data mining and core technology team in China; (ii) Yum! Restaurants Consulting (Shanghai) Co., Ltd (百勝咨詢（上海）有限公司) from May 2006 to November 2006 as a development information manager in the development department; (iii) SAS Software (Beijing) Ltd.* (賽仕軟件（北京）有限公司) from December 2006 to March 2010 as a principal consultant in the professional technical services department; (iv) IBM (China) Ltd.* (國際商業機器（中國）有限公司) from April 2010 to January 2011 as a senior consulting manager in the global enterprise consulting services department; (v) SAS Software (Beijing) Ltd.* (賽仕軟件 (北京)有限公司) from February 2011 to January 2016 as chief consultant of professional technical services and head of analytics team and northern China technical team in China; (vi) Sokovel Software Systems Co., Ltd.* (索科維爾軟件系統有限公司) from January 2016 to February 2018 as chief technology officer; (vii) SAS Software (Beijing) Ltd.* (賽仕軟件（北京）有限公司) from March 2018 to January 2020 as a principal data scientist.

Directors, Senior Management and Company Secretary

Mr. Jiang Jingxiang (江鏡祥), aged 43, is the 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 20 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.

Mr. Cao Xinjian (曹新建), aged 43, joined our Group in June 2016 as the chief technical officer and has been our AI department general manager since January 2019. He graduated with a bachelor's degree in Mechanical Design Manufacture and Automation from Dalian University of Technology (大連理工大學) in July 2001. He also obtained a master degree in Mechanical Design and Theory from Dalian University of Technology (大連理工大學) in April 2004.

He has over 15 years of experience in the information technology service industry. From April 2004 to March 2007, he served as a software engineer of Beijing Yanhua Xingye Electronic Technology Company Limited* (北京研華興業電子科技有限公司). He then served as senior manager in SAS Software Research and Development (Beijing) Company Limited* (賽仕軟件研究開發北京有限公司) from March 2007 to June 2016.

Ms. Wei Huijuan (魏惠娟), aged 36, is the deputy chief financial officer 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 Self-taught Examination Committee* (廣東自學考試委員會) and Jinan University (暨南大學) in June 2013. 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 14 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.

Directors, Senior Management and Company Secretary

Ms. Yu Hongcui (余紅翠), aged 38, is the sales director of our Group and joined our Group in November 2014. She received a graduation certificate in Business Administration from Beijing University for Business Administration* (北京工商管理專修學院) in July 2006.

She has over 14 years of experience in the sales and marketing. She started her career as a sales manager assistant at Shenzhen Yulong Tongfang Technology Company Limited* (深圳市育龍同方科技有限公司) from July 2007 to September 2008. She also served as the sales manager of Shenzhen Guigu Mingtian Technology Development Company Limited* (深圳市矽谷明天科技發展有限公司) from September 2008 to September 2014.

Mr. Wang Jialin (王加麟), aged 36, is the strategy and management consultancy director of our Group and joined our Group in August 2018. He graduated with a bachelor's degree in Computer Science and Technology (Software Technology) from South China University of Technology (華南理工大學) in July 2010.

He has over 5 years of experience in management consultancy. Prior to joining our Group, he worked at the Beijing branch office of Ernst & Young (China) Advisory Limited (安永（中國）企業諮詢有限公司) from April 2013 to April 2015, with his last position serving as a senior advisor. From May 2015 to June 2018, he worked at Deloitte Consulting Shanghai Co. Ltd. (德勤管理諮詢（上海）有限公司), with his last position serving as a manager for the management consulting department in the Shenzhen branch office.

Company Secretary

Mr. Wong Tin Yu (黃天宇), aged 30, was appointed as the company secretary of our Company on 14 February 2019 and is responsible for the overall company secretarial matters of our Group. He obtained a Bachelor of Business Administration degree in Finance from Lingnan University in November 2012. He was admitted as an associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom in June 2016.

Mr. Wong has over 9 years of experience in the corporate secretarial field. He joined Tricor Services Limited in July 2012 and is currently a manager of its corporate services division. Since then, he has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

DIRECTORS' REPORT

Directors' Report

The Board is pleased to present the Group's annual report and audited consolidated financial statements for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group is a leader in the field of big data and AI, focusing on the development and delivery of complex big data and AI solutions, platforms and the provision of professional consulting services for major Chinese banks, insurance, securities and other financial institutions and leading global corporate clients. 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 9 to 23 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 166 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 page 60 to page 73 of this annual report. These discussions form part of this 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 which exposes it to the risk of uncertainty and potential volatility with respect to its revenue.

- 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 35 to the consolidated financial statements.

ASSOCIATES OF THE COMPANY

Details of the associates of the Company is set out in note 22 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 Companies Law 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 Islands Companies Act Chapter 22 (Law no. 3 of 1961, as consolidated and amended) (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 24 to the consolidated financial statements.

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 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's distributable reserves amounted to approximately RMB94,044,000 under the Cayman Companies Laws.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Equity Incentive Plan" of this annual report and note 38 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 2020 are set out in note 29 to the consolidated financial statements.

DONATIONS

Donations made by the Group during the Reporting Period amounted to RMB83,600.

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 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. Song Hongtao *(Chairman)*
Mr. Wu Fu-Shea *(Effective from 10 September 2021) (Chief Executive Officer)*
Mr. Wu Xiaohua
Mr. Lam Chun Hung Stanley
Ms. Wang Jing

Independent non-executive Directors:
Mr. Tu Xinchun
Ms. Zhang Yahan
Prof. Qiao Zhonghua

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received an annual independence confirmation from each of the independent non-executive Directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and that all independent non-executive Directors are considered to be independent.

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 has entered into a service contract with the Company for a term of three years from the Listing Date (except the term of Mr. Wu Fu-Shea which commenced from 10 September 2021), which 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 into a letter of appointment with the Company for a period of one year commencing from 15 November 2019, 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.

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 note 34 and note 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

No 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

No contracts of significance have been entered into between the Company or any of its subsidiaries and the controlling Shareholders of the Company (the "Controlling Shareholders") or any of their subsidiaries subsisted at the end of the Reporting Period or at any time during the Reporting Period.

POTENTIAL CONFLICT OF INTERESTS WITH CONTROLLING SHAREHOLDERS

In order to ensure the Board is capable of performing and managing the Group's business independently from the Controlling Shareholders (being Mr. Song Hongtao and Mindas Touch Global Limited), the Company has adopted corporate governance measures including but not limited to: the independent non-executive Directors will review, on an annual basis, whether there are any conflict of interests between the Group and the Controlling Shareholders, and provide impartial advice; and the Controlling Shareholders have undertaken to provide to the Company all information necessary including all relevant operational, market, financial and any other necessary information for the purpose of annual review by the independent non-executive Directors.

The independent non-executive Directors have conducted such review, and considered that there were no conflict of interests between the Controlling Shareholders and the Group 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 704 employees altogether in the PRC and Hong Kong as at 31 December 2020. 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 with regard to 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 34 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, organised 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 (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") has been adopted by the Shareholders at the annual general meeting of the Company held on 8 June 2020. The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The purposes of the Share Option Scheme and the Share Award Scheme are to recognise and motivate the contribution of the eligible participants and to 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. As at 31 December 2020, no share option had been granted or agreed to be granted pursuant to the Share Option Scheme, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme. The total number of Shares available for issue under the Share Option Scheme was 40,000,000 Shares, representing approximately 9.95% of the total Shares in issue as at the date of this annual report. The Share Option Scheme will expire on 7 June 2030.

The Share Award Scheme is administrated by the Board. As at 31 December 2020, no Shares had been awarded or agreed to be awarded pursuant to the Share Award Scheme. The total number of Shares available for grant under the Share Award Scheme was 20,000,000 Shares, representing approximately 4.97% of the total Shares in issue as at the date of this annual report. As at 31 December 2020, no trustee had been appointed under the Share Award Scheme.

Further details of the Share Option Scheme are set out in note 38 the consolidated financial statements.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group did not enter into any 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.

Details of the related party transactions undertaken by the Group are set out in note 33 to the consolidated financial statements. The Directors consider that those related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

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

As at 31 December 2020, 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 10 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. Song Hongtao[(1)]	Interest in controlled corporation	136,080,000	33.84	Long position
	Beneficial owner	5,000,000	1.24	Long position
		141,080,000	35.08	
Mr. Wu Xiaohua[(2)]	Interest in controlled corporation	29,590,000	7.36	Long position
Mr. Wu Fu-Shea[(3)]	Beneficial owner	6,000,000	1.49	Long position
Mr. Lam Chun Hung Stanley	Beneficial owner	1,600,000	0.40	Long position

Notes:

1. These shares consisted of (i) 136,080,000 Shares held by Mindas Touch Global Limited, which was wholly owned by Mr. Song Hongtao and Mr. Song was deemed to be interested in these Shares pursuant to Part XV of the SFO; and (ii) 5,000,000 Shares directly held by Mr. Song Hongtao.

2. These shares were held by Ideal Treasure Holdings Limited, which was wholly owned by Mr. Wu Xiaohua. Accordingly, Mr. Wu Xiaohua was deemed to be interested in these Shares pursuant to Part XV of the SFO.

3. Mr. Wu Fu-Shea, the Company's chief executive officer, was appointed as an executive Director with effect from 10 September 2021.

Save as disclosed above, as at 31 December 2020, 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 2020, 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
Mindas Touch Global Limited[(1)]	Beneficial owner	136,080,000	33.84	Long position
Ms. Huang Liming[(2)]	Interest of spouse	141,080,000	35.08	Long position
Benefit Ocean Holdings Limited[(3)]	Beneficial owner	60,550,000	15.06	Long Position
Ms. Xia Liping[(3)]	Interest of controlled corporation	60,550,000	15.06	Long Position
Mr. Zhu Zhenkui[(4)]	Interest of spouse	60,550,000	15.06	Long Position
Ideal Treasure Holdings Limited[(5)]	Beneficial owner	29,590,000	7.36	Long position
Ms. Chi Xianfang[(6)]	Interest of spouse	29,590,000	7.36	Long position
Thousand Thrive Investments Limited[(7)]	Beneficial owner	23,814,000	5.92	Long position
Ms. Liu Qin[(7)]	Interest of controlled corporation	23,814,000	5.92	Long position
Mr. Fan Yuehua[(8)]	Interest of spouse	23,814,000	5.92	Long position

Notes:

1. The above interest is also disclosed as the interest of Mr. Song Hongtao in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

2. Ms. Huang Liming is the spouse of Mr. Song Hongtao. Ms. Huang Liming was therefore deemed to be interested in the 141,080,000 Shares in which Mr. Song Hongtao were interested pursuant to Part XV of the SFO.

3. Benefit Ocean Holdings Limited was wholly-owned by Ms. Xia Liping. Accordingly, Ms. Xia Liping was deemed to be interested in the Shares held by Benefit Ocean Holdings Limited pursuant to Part XV of the SFO.

4. Mr. Zhu Zhenkui is the spouse of Ms. Xia Liping. Mr. Zhu Zhenku was therefore deemed to be interested in the 60,550,000 Shares in which Ms. Xia Liping were interested pursuant to Part XV of the SFO.

5. The above interest is also disclosed as the interest of Mr. Wu Xiaohua in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

6. Ms. Chi Xianfang is the spouse of Mr. Wu Xiaohua. Ms. Chi Xianfang was therefore deemed to be interested in the 29,590,000 Shares in which Mr. Wu Xiaohua were interested pursuant to Part XV of the SFO.

7. Thousand Thrive Investments Limited was owned as to approximately 37.04% by Ms. Liu Qin, 20.54% by Ms. Wang Jing (an executive Director of the Company), 15.50% by Ms. Wei Huijuan, 12.01% by Mr. Chen Liang and 14.91% by Ms. Zhu Shuang, respectively. Accordingly, Ms. Liu Qin was deemed to be interested in these Shares held by Thousand Thrive Investments Limited pursuant to Part XV of the SFO.

8. Mr. Fan Yuehua is the spouse of Ms. Liu Qin. Mr. Fan Yuehua was therefore deemed to be interested in the 23,814,000 Shares in which Ms. Liu Qin were interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2020, 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

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

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 34.91% of the Group's total revenue, while the revenue generated from the Group's largest customer accounted for 11.11% of the Group's total revenue.

Major Suppliers

For the Reporting Period, the total purchases from the Group's top five suppliers accounted for 54.41% of the total purchases, while the purchases from the Group's largest supplier accounted for 26.70% 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.

Directors' Report

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Shares of the Company were successfully 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 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	Allocation of the Net Proceeds (HKD million)	Utilised Net Proceeds as at 31 December 2020 (HKD million)	Unutilised Net Proceeds as at 31 December 2020 (HKD million)	Proposed timetable for the use of unutilised Net Proceeds
Strengthening and expansion of the Group's data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain the Group's employees	20%	20.8	16.8	4.00	On or before 31 December 2021
Enhancement of the Group's sales and marketing efforts including corporate branding activities	20%	20.8	8.8	11.99	On or before 31 December 2021
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen (Note)	35%	36.4	25.9	10.51	On or before 31 December 2021
Potential strategic acquisition to supplement the Group's organic growth	15%	15.6	2.1	13.46	On or before 31 December 2021
Working capital and other general corporate purposes	10%	10.4	10.4	–	N/A
Total	100%	104.0	64.3	39.7	

Note: As disclosed in the announcement of the Company dated 2 December 2020, 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 in Shenzhen. However, as one of the conditions precedent for the completion of acquisition of the Haina Property could not be fulfilled, the Company terminated the acquisition of the Haina Property 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.

INTEREST OF COMPLIANCE ADVISER

As notified by Essence Corporate Finance (Hong Kong) Limited ("Essence Corporate Finance"), the Company's compliance advisor, neither Essence Corporate Finance nor any of its directors or employees or associates had any significant interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2020.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, 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 since the Listing Date and up to the date of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no material event of the Group after the Reporting Period and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee (composed of Mr. Tu Xinchun, Ms. Zhang Yahan and Prof. Qiao Zhonghua) has reviewed the consolidated financial statements of the Group during the Reporting Period. The Audit Committee has also discussed with senior management members and auditor matters relating to the accounting policies and practices adopted by the Company and internal controls. Based on the review and the discussions with management and auditor, the Audit Committee was satisfied that the consolidated financial statements of the Group were prepared in accordance with applicable accounting standards and fairly present the 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 45 to 59 of this annual report.

AUDITOR

As disclosed in the Company's announcement dated 28 June 2021, PricewaterhouseCoopers has resigned as auditor of the Company with effect from 24 June 2021. The Board has resolved to appoint ZHONGHUI ANDA CPA Limited as the new auditor of the Company ("ZHONGHUI ANDA") with effect from 28 June 2021 to fill the casual vacancy following the resignation of PricewaterhouseCoopers and to hold office until the conclusion of the Annual General Meeting.

The consolidated financial statements of the Group for the Reporting Period have been audited by 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

The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual results for the financial year ended 31 December 2020; (ii) publishing the annual report for the year ended 31 December 2020; and (iii) announcing the interim results for the six months ended 30 June 2021. Such delay has constituted non-compliance with Rules 13.46(2)(a), 13.49(1) and 13.49(6) of the Listing Rules. The Company failed to hold its Annual General Meeting for the year ended 31 December 2020 within the times stipulated under the Listing Rules and the Articles of Association. The Annual General Meeting will be convened on 25 October 2021 in which the Board will cause the audited consolidated financial statements of the Group for the year ended 31 December 2020 to be laid before the Shareholders for their consideration. Circular and the notice for the Annual General Meeting will be dispatched as soon as reasonably practicable.

Save as disclosed above, 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
Song Hongtao
Chairman of the Board

Hong Kong, 10 September 2021

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2020 (the “Reporting Period”).

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 14 of the Listing Rules as the basis of the Company’s corporate governance practices.

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company complied with the code provisions set out in the CG Code during the Reporting Period, except for code provision C.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarized below.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ dealing in the Company’s securities.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout 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.

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 as at the end of the Reporting Period:

Executive Directors

Mr. Song Hongtao *(Chairman of the Board)*
Mr. Wu Xiaohua
Mr. Lam Chun Hung Stanley
Ms. Wang Jing

Independent Non-executive Directors

Mr. Tu Xinchun
Ms. Zhang Yahan
Prof. Qiao Zhonghua

The biographical information of the Directors are 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

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held a meeting with independent non-executive Directors only without the presence of other Directors during the Reporting Period.

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

Directors	Number of Attendance/ Number of Board Meetings Held
Executive Directors	
Mr. Song Hongtao	9/9
Mr. Wu Xiaohua	9/9
Mr. Lam Chun Hung Stanley	8/9
Ms. Wang Jing	9/9
Independent Non-executive Directors	
Mr. Tu Xinchun	6/9
Ms. Zhang Yahan	8/9
Prof. Qiao Zhonghua	6/9

Chairman and Chief Executive Officer

As at the end of the Reporting Period, the positions of chairman and chief executive officer were held by Mr. Song Hongtao and Mr. Wu Fu-Shea respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Reporting Period, the Board at all times 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 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 are independent.

Appointment and Re-election of Directors

All Directors of the Company are appointed for a specific term. Each executive Director is engaged on a service contract for a term of 3 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 three of 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 shall hold office until the first general meeting of the members of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

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.

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 C.1.2 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 under the Listing Rules. Although regular monthly updates to the Board was not arranged, the Company had provided quarterly updates, including quarterly financial information and management accounts to the Board during the Reporting Period, which was considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board. Since August 2021, the Company has provided all member 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, where appropriate.

Corporate Governance Report

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.

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

Directors	Types of Training Note
Executive Directors	
Mr. Song Hongtao	A and B
Mr. Wu Xiaohua	A
Mr. Lam Chun Hung Stanley	A
Ms. Wang Jing	A and B
Independent Non-Executive Directors	
Mr. Tu Xinchun	A and B
Ms. Zhang Yahan	A and B
Prof. Qiao Zhonghua	A and 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, Remuneration Committee and 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 consists of three independent non-executive Directors, namely Mr. Tu Xinchun, Ms. Zhang Yahan and Prof. Qiao Zhonghua. Mr. Tu Xinchun 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 three 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 of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

These three 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 Held
Mr. Tu Xinchun	3/3
Ms. Zhang Yahan	3/3
Prof. Qiao Zhonghua	3/3

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Ms. Zhang Yahan, Mr. Tu Xinchun and Prof. Qiao Zhonghua. Ms. Zhang Yahan is the chairman of the Remuneration Committee.

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, 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 one 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.

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 Held
Ms. Zhang Yahan	1/1
Mr. Tu Xinchun	1/1
Prof. Qiao Zhonghua	1/1

The annual remuneration of senior management of the Company (whose biographies are set out on pages 28 to 30 of this annual report by band for the Reporting Period is set out below:

Band of remuneration (HKD)	**Number of individuals**
1–750,000	1
750,001–1,500,000	4
>1,500,000	3

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Song Hongtao, the Chairman of the Board and an executive Director, and Ms. Zhang Yahan and Prof. Qiao Zhonghua, independent non-executive Directors. Mr. Song Hongtao is the chairman of the Nomination Committee. Majority of the Nomination Committee members are independent non-executive Directors.

The primary duties of the Nomination Committee include assisting the Board in identifying suitable candidates for our Directors and making recommendations to the Board, 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.

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 one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting.

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 Held**
Mr. Song Hongtao	1/1
Ms. Zhang Yahan	1/1
Prof. Qiao Zhonghua	1/1

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. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to 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.

The following table shows the diversity profile of the Board as at the end of Reporting Period:

Name of Directors	Gender	Age	Date of appointment as Directors
Executive Directors:			
Mr. Song Hongtao	Male	44	6 December 2018
Mr. Wu Xiaohua	Male	47	6 December 2018
Mr. Lam Chun Hung Stanley	Male	61	6 December 2018
Ms. Wang Jing	Female	43	6 December 2018
Independent non-executive Directors:			
Mr. Tu Xinchun	Male	43	15 November 2019
Ms. Zhang Yahan	Female	44	15 November 2019
Prof. Qiao Zhonghua	Male	43	15 November 2019

Under the Board Diversity Policy, the Company aims to maintain at least a 20% female representation in the Board and the composition of the Board satisfies the Board Diversity Policy goal. As the representation of women in senior roles throughout the PRC economy and the Company's industry continues to grow and the pool of qualified female candidates expands, the Company would expect to see the proportion of female directors on the Board would increase over time.

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

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. During the Reporting Period, there was no change in the composition of the Board.

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board shall review 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.

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 organisational 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 Board 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.

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 and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions 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.

As at the date of this annual report, the Board has appointed an experienced, competent and professionally qualified senior management member 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.

In addition, GRC Chamber Limited, an external internal control consultant firm, was engaged by the Company to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group.

Corporate Governance Report

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 assessment 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.

Since August 2021, the Company has implemented an internal control improvement measure regarding an enhanced reporting procedure, which requires the Company to prepare and provide monthly updates, including management accounts and budget variance, cashflow analysis and important matters checklist, to all members of the Board. The Board believes that this will further enhance efficiency of the original reporting system in assisting the Board in receiving and assessing key financial, operational and internal control information on a timely basis and fulfilling the requirement of code provision C.1.2. in a more stringent manner.

In addition, as disclosed in the Company's announcement dated 9 September 2021, the Board will take the following actions to improve the Group's internal control systems and procedures:

1. optimize and improve the corporate governance mechanism under the guidance of the Board, enhance the approval procedures by providing quantitative and qualitative guidance so that a wider scope of significant matters could be reported to the Board for review; improve and enhance the corporate governance procedures in relation to internal control, operational and financial reporting matters to the Board on an expanded and regular basis;

2. restructure the Company's existing internal control team to an independently operated internal control department to enhance the independence and professionalism of internal audit function, expand the terms of reference on risk control and audit functions of the internal control department; increase the frequency of regular internal control review so as to identify and take remedial measures against potential internal control issues on a timely manner; provide regular trainings for management personnel of the Group in this regard; and

3. improve the procurement policies and procedures of the Group, including but not limited to, suppliers selection, service progress monitoring, service deliverable verification, and service assessment procedures.

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 to the external auditor of the Company in respect of audit services for the Reporting Period is set out below:

Service Category	Fees
ZHONGHUI ANDA CPA Limited	HKD1,850,000
PricewaterhouseCoopers	HKD2,500,000

COMPANY SECRETARY

Mr. Wong Tin Yu has been appointed as the Company's secretary. Mr. Wong is a corporate services manager of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Wang Jing, an executive Director, has been designated as the primary contact person at the Company which would work and communicate with Mr. Wong on the Company's corporate governance and secretarial and administrative matters.

For the Reporting Period, Mr. Wong Tin Yu undertaken 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.

General Meeting and Directors' Attendance Records

During the Reporting Period, the Company held one general meeting, being the annual general meeting held on 8 June 2020. Details of individual attendance of each Director at the aforesaid general meeting are set out below:

Directors	Number of Attendance/ Number of Meetings Held
Executive Directors	
Mr. Song Hongtao	1/1
Mr. Wu Xiaohua	1/1
Mr. Lam Chun Hung Stanley	1/1
Ms. Wang Jing	1/1
Independent Non-executive Directors	
Mr. Tu Xinchun	1/1
Ms. Zhang Yahan	1/1
Prof. Qiao Zhonghua	1/1

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: Room 4101, 41st Floor, Building 2, Euro-American Financial City, Cangqian Street, Yuhang District, Hangzhou City, Zhejiang Province, 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 investor understanding of 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 has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is also 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. The policy is regularly reviewed to ensure its effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

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" under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

Reporting Period

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year ended 31 December 2020 ("**Reporting Period**", "**2020**").

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.

Environmental, Social and Governance Report

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

Environmental, Social and Governance 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: Room 4101, 41st Floor, Building 2, Euro-American Financial City, Cangqian Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC

Email: ir@datamargin.com

Fax: 0755–83301100

A. ENVIRONMENTAL

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 aimed 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 the Group in order to deepen their awareness of environmental protection; (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, which commenced service in the Reporting Period. However, we still strive to mitigate the exhaust gas generated from our business operation as much as possible. As a way 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 2020
Nitrogen oxides (NOx)	3.27 kg
Sulphur oxides (SOx)	0.04 kg
Particulate matter (PM)	0.24 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. We have adopted the following measures to mitigate greenhouse gas emissions: (1) posting up labels to remind the employees to switch off any idle electrical appliances and lighting; (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 2020
Direct Emission (Scope 1)	
– fuel consumption of our vehicles	7.22 tonnes
Indirect Emission (Scope 2)	
– Electricity	62.39 tonnes
Indirect Emission (Scope 3)	
– Paper	8.88 tonnes
– Business air travels	63.54 tonnes
Total emission of greenhouse gases	142.01 tonnes
Total emission of greenhouse gases per employee	0.20 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. Waste 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, the non-hazardous wastes generated by our Group is as follows:

	For the year ended 31 December 2020
Total non-hazardous wastes	6,895 kg
Non-hazardous waste discarded per employee	9.84 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 its 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; and (4) 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 total energy consumption of our Group is as follows:

Energy Consumption	For the year ended 31 December 2020
Electricity consumption	73,457.42 kwh
Electricity consumption per employee	104.79 kwh
Fuel consumption	2,665.53 Liters
Fuel consumption per employee	3.80 Liters

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. The filtered drinking fountains we installed in our offices do not consume electricity when not in use and are designed to save water. The use of water in the toilets in our offices is for basic cleaning and sanitation. We have advocated and encouraged our employees to save water.

During the Reporting Period, the total water consumption of our Group is as follows:

Water Consumption	For the year ended 31 December 2020
Water consumption	508 m^3
Water consumption per employee	0.72 m^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.

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 resources is a solid foundation to support the development of the 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, 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).

Recruitment, Promotion and Dismissal – Employees' qualification, professional skills and experiences exert a 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. In order to motivate our staff to actively recommend excellent talents to join us, our staff will receive referral bonus based on the level of the recommended candidate after we successfully recruit the recommended candidate.

At the beginning of the year, we will sign a performance responsibility statement with our employees in order to set targets for our employees, facilitate their annual performance evaluation and achievement, and set clear guidelines and regulations to improve the efficiency of our employees and departments. Supervisors discuss performance with employees through effective two-way communication in order to get promoted. The performance system provides reference standards for salary adjustment, bonus distribution and promotion. In addition, we have also 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. 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. 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 monthly afternoon tea and gift exchange activities 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, especially in terms of annual leave and full paid sick leave. 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 the 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; (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 providing half an hour of music enjoyment section in our offices three times a week; and (6) carrying out indoor or outdoor activities regularly and organising various associations, etc.

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 organising 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) organising special training plan for our core and key talents separately; (5) 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 (6) 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.

Aspect B4: Labour Standards

Our Group strictly prohibits the employment of minors or engagement of child labour activities as defined by laws and regulations. As a mean 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 prohibit any punishments, management methods and behaviours involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc. against the employees for any reason.

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.

In order to ensure that our suppliers meets the quality, environmental and safety standards of our customers, we select suppliers based on the following criteria: qualification, technical capability, business capability and product and service quality. After comprehensive evaluation and selection, we have a list of qualified suppliers to supply products and/or human 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 meet our requirements after they have carried out rectification measures.

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; (4) establishing a sound process for dealing with and handling customer complaints. 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 CMMI3 quality management system certifications this year. 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.

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.

Advertising and Labelling — Due to our business nature, our Group has limited issue on 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 violate 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 and all other behaviours 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. 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, victimisation 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 exists new laws and regulations that may impact our business, all employees will be provided updates with training 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).

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 the public means of social participation and contribution, 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) definition of the nature and extent of involvement in the communities where the corporation has operations, or is related to; 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. During the Reporting Period, our Group donated 12,000 anti-epidemic masks to help prevent the Coronavirus Disease. We have also cooperated with the Chongshi Compassion Foundation* (崇世愛心基金) to provide financial assistance to impoverished students who are preparing for college entrance examination, so as to help more children in poor mountainous areas gain access to quality education and work together to reduce barriers in their journey of pursuing studies.

Independent Auditor's Report

中汇
ZHONGHUI

To the Shareholders of Suoxinda Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Suoxinda Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 78 to 165, which comprise the consolidated statement of financial position as at 31 December 2020, 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 a summary of significant accounting policies.

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 2020, 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.

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. We have determined the matters described below to be key audit matters to be communicated in our report.

Trade receivables and contract assets

Refer to Notes 19 and 20 to the consolidated financial statements.

The Group tested the amount of trade receivables and contract assets for impairment. This impairment test is significant to our audit because the balance of trade receivables and contract assets of HK$118,065,000 and HK$100,828,000 respectively as at 31 December 2020 is 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 receivables and contract 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: http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/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, 10 September 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Revenue	5	**330,290**	257,915
Cost of sales	7	**(212,698)**	(166,321)
Gross profit		**117,592**	91,594
Selling expenses	7	**(24,798)**	(12,738)
Administrative expenses	7	**(56,279)**	(48,326)
Research and development expenses	7	**(42,152)**	(17,500)
Expected credit losses on financial and contract assets	19, 20	**(15,598)**	(5,698)
Other income	6	**13,247**	6,040
Other gains, net	6	**433**	1,165
Operating (loss)/profit		**(7,555)**	14,537
Finance income	9	**513**	234
Finance costs	9	**(4,763)**	(4,296)
Finance costs, net	9	**(4,250)**	(4,062)
Share of (losses)/profits of associates	22	**(101)**	40
(Loss)/profit before income tax		**(11,906)**	10,515
Income tax expenses	10	**(806)**	(6,391)
(Loss)/profit for the year		**(12,712)**	4,124
Attributable to:			
Owners of the Company		**(13,108)**	4,124
Non-controlling interests	36	**396**	—
		(12,712)	4,124

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 2020

	Note	2020 RMB'000	2019 RMB'000
(Loss)/profit for the year		**(12,712)**	4,124
Other comprehensive loss			
Items that may be reclassified to profit:			
— Currency translation differences		**(2,536)**	(245)
Total comprehensive (loss)/income for the year, net of tax		**(15,248)**	3,879
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(15,644)**	3,879
Non-controlling interests	36	**396**	—
		(15,248)	3,879
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company:			
Basic and diluted (loss)/earnings per share (RMB cents)	11	**(3.3)**	1.4

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 2020

	Note	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property and equipment	13	**53,007**	17,178
Intangible assets	14	**54,782**	19,536
Right-of-use assets	15	**52,244**	5,651
Investment in associates	22	**10,339**	440
Prepayments	21	**3,368**	40,884
Deferred tax assets	28	**1,859**	226
		175,599	83,915
Current assets			
Trade receivables	19	**118,065**	51,240
Contract assets	20	**100,828**	47,624
Prepayments	21	**992**	1,983
Other receivables	21	**6,714**	3,956
Inventories	18	**–**	3
Pledged bank deposits	23	**5,359**	6,503
Cash and cash equivalents	23	**74,184**	178,452
		306,142	289,761
Total assets		**481,741**	373,676
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	**3,597**	3,578
Other reserves	25	**201,377**	191,719
(Accumulated losses)/retained earnings		**(639)**	14,263
		204,335	209,560
Non-controlling interests		**11,312**	–
Total equity		**215,647**	209,560

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

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	**31,752**	3,605
Deferred tax liabilities	28	**2,471**	—
Other payables	27	**1,574**	—
Other borrowings	29	**—**	6,438
		35,797	10,043
Current liabilities			
Trade payables	26	**68,675**	41,523
Accruals and other payables	27	**51,556**	29,591
Contract liabilities	20	**1,213**	12,789
Current income tax liabilities		**8,020**	7,967
Lease liabilities	30	**13,510**	1,791
Bank and other borrowings	29	**87,323**	60,412
		230,297	154,073
Total liabilities		**266,094**	164,116
Total equity and liabilities		**481,741**	373,676
Net current assets		**75,845**	135,688
Total assets less current liabilities		**251,444**	219,603

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

The consolidated financial statements on pages 78 to 165 were approved and authorised for issue by the Board of Directors on 10 September 2021 and are signed on its behalf by:

Song Hongtao
Director

Wang Jing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 25)	Reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 36)	Total equity RMB'000
Balance at 1 January 2019	—	—	62,848	13,016	75,864	—	75,864
Comprehensive income							
Profit for the year	—	—	—	4,124	4,124	—	4,124
Other comprehensive loss							
Currency translation differences	—	—	(245)	—	(245)	—	(245)
Total comprehensive (loss)/income for the year	—	—	(245)	4,124	3,879	—	3,879
Transactions with owners in their capacity as owners							
Capitalisation issue of shares (Note 24(i))	2,683	(2,683)	—	—	—	—	—
Issue of shares pursuant to the Share Offer, net (Note 24(ii))	895	133,724	—	—	134,619	—	134,619
Capital contribution to subsidiary by an equity holder of subsidiary (Note 25(ii))	—	—	4,167	—	4,167	—	4,167
Share-based compensation — non employee (Note 25(ii))	—	—	2,432	—	2,432	—	2,432
Transfer to statutory reserve (Note 25(iii))	—	—	2,877	(2,877)	—	—	—
Listing expenses charged to share premium (Note 24(ii))	—	(11,401)	—	—	(11,401)	—	(11,401)
	3,578	119,640	9,476	(2,877)	129,817	—	129,817
Balance at 31 December 2019	3,578	119,640	72,079	14,263	209,560	—	209,560

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 2020

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 25)	Reserves RMB'000 (Note 25)	Retained earnings/ (Accumulated losses) RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 36)	Total equity RMB'000
Balance at 1 January 2020	3,578	119,640	72,079	14,263	209,560	–	209,560
Comprehensive (loss)/income							
(Loss)/profit for the year	–	–	–	(13,108)	(13,108)	396	(12,712)
Other comprehensive loss							
Currency translation differences	–	–	(2,536)	–	(2,536)	–	(2,536)
Total comprehensive (loss)/income for the year	–	–	(2,536)	(13,108)	(15,644)	396	(15,248)
Transactions with owners in their capacity as owners							
Issue of shares pursuant to the acquisition of a subsidiary (Notes 24(iii) and 32)	19	10,400	–	–	10,419	–	10,419
Non-controlling interests arising on business combination	–	–	–	–	–	10,916	10,916
Transfer to statutory reserve (Note 25(iii))	–	–	1,794	(1,794)	–	–	–
	19	10,400	1,794	(1,794)	10,419	10,916	21,335
Balance at 31 December 2020	3,597	130,040	71,337	(639)	204,335	11,312	215,647

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 2020

	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	31	**(85,981)**	32,688
Income tax paid		**(3,611)**	(5,239)
Net cash (used in)/generated from operating activities		**(89,592)**	27,449
Cash flows from investing activities			
Purchase of intangible assets		**(13,060)**	(3,601)
Investment in an associate	22	**(10,000)**	(400)
Refund of prepayment for property		**40,000**	—
Payment for property and equipment		**(36,425)**	(22,165)
Payment for acquisition of a subsidiary, net of cash acquired	32	**(1,692)**	—
Purchase of short-term investments measured at fair value through profit or loss	17	**(27,360)**	(1,000)
Proceeds from disposal of short-term investments at fair value through profit or loss		**28,288**	3,164
Proceeds from disposal of property and equipment		**—**	2
Interests received	9	**513**	234
Net cash used in investing activities		**(19,736)**	(23,766)
Cash flows from financing activities			
Proceeds from the issue of shares by share offer	24(i)	**—**	134,619
Interests paid		**(4,269)**	(4,005)
Decrease in pledged bank deposits and other deposits		**944**	1,809
Capital contribution to a subsidiary by equity holders of a subsidiary		**—**	4,254
Payment of listing expenses		**—**	(9,621)
Repayment of lease liabilities	31	**(11,138)**	(2,498)
Proceeds from other borrowings	31	**—**	18,200
Repayment of other borrowings	31	**(9,022)**	(2,740)
Proceeds from bank borrowings	31	**115,836**	75,168
Repayment of bank borrowings	31	**(86,341)**	(84,848)
Net cash generated from financing activities		**6,010**	130,338
Net (decrease)/increase in cash and cash equivalents		**(103,318)**	134,021
Cash and cash equivalents at beginning of the year		**178,452**	44,266
Effect of currency translation differences		**(950)**	165
Cash and cash equivalents at end of the year		**74,184**	178,452

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

1 GENERAL INFORMATION

Suoxinda 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.

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, and information technology ("IT") maintenance and support services.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 asset 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(a) 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 2020. 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.

2.2 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(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.

2.3 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.6 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 gains, 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

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

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 gains, net" in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT 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;
- 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(c) *Research and development expenditures (Continued)*

- 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.

2.9 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.10.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.2 Measurement (Continued)

Debt instruments (Continued)

- 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 gains, 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 gains, net" in the period in which it arises.

2.10.3 Impairment

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

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

For trade 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.3 Impairment (Continued)

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)).

2.10.4 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

2.10.4 Derecognition (Continued)

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.

2.10.5 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 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. If the derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

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 SUMMARY OF SIGNIFICANT 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 receivables and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade 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 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 for a description of the Group's impairment policy for trade 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.

2.17 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.20 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences (Continued)

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.

2.22 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

(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.

2.25 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 SUMMARY OF SIGNIFICANT 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 SUMMARY OF SIGNIFICANT 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.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates principally in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HKD and the USD. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity's functional currency.

At 31 December 2020, if HKD had strengthened/weakened by 5% against RMB, with all other variables held constant, post-tax loss for the year would have been RMB Nil (2019: post-tax profit for the year would have been approximately RMB5,729,000 higher/lower).

At 31 December 2020, if USD had strengthened/weakened by 5% against RMB, with all other variables held constant, post-tax loss for the year would have been RMB Nil (2019: post-tax profit for the year would have been approximately RMB841,000 higher/lower).

(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 2020, 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 RMB307,000 lower/higher (2019: post-tax profit for the year would have been approximately RMB739,000 higher/lower).

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 receivables 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. As at 31 December 2020 and 2019, the identified impairment loss for other receivables is assessed to be minimal.

Trade receivables and contract assets

For trade 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 receivables and contract assets without financing components.

To measure the expected credit losses, trade 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 receivables are included in Note 19.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade 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 20.

As at 31 December 2020, 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 receivables and contract assets, amounted to RMB69,630,000 (2019: RMB70,697,000) in aggregate, which represented approximately 32% (2019: 72%) of the total trade 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 2019					
Trade payables	41,523	–	–	–	41,523
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	11,626	–	–	–	11,626
Lease liabilities and interest payments	2,079	2,567	1,214	–	5,860
Bank borrowings and other borrowings and interest payments	61,544	6,627	–	–	68,171
	116,772	9,194	1,214	–	127,180
As at 31 December 2020					
Trade payables	**68,675**	**–**	**–**	**–**	**68,675**
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	**13,925**	**1,574**	**–**	**–**	**15,499**
Lease liabilities and interest payments	**15,792**	**16,389**	**17,555**	**444**	**50,180**
Bank borrowings and other borrowings and interest payments	**89,009**	**–**	**–**	**–**	**89,009**
	187,401	**17,963**	**17,555**	**444**	**223,363**

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

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 and lease liabilities less cash and cash equivalents and pledged bank deposits. Total capital is calculated as “equity”, as shown in the consolidated statement of financial position.

The debt-to-equity ratios were as follows:

	2020 **RMB’000**	2019 RMB’000
Bank and other borrowings (Note 29)	**87,323**	66,850
Lease liabilities (Note 30)	**45,262**	5,396
Less: Cash and cash equivalents (Note 23)	**(74,184)**	(178,452)
Pledged bank deposits (Note 23) and other deposits (Note 21(iii))	**(7,559)**	(8,503)
Net debt/(cash)	**50,842**	(114,709)
Total equity	**215,647**	209,560
Debt-to-equity ratio	**0.24**	N/A

3.3 Fair value estimation

The carrying values of cash and cash equivalents, pledged bank deposits, trade receivables, other receivables, trade payables, accruals and other payables, lease liabilities and bank and other borrowings are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 receivables, contract assets and other receivables

The Group follows the guidance of IFRS 9 to determine when trade 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 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) Business combination

Business combinations are accounted for under acquisition method. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed, which include backlog orders and customer relationship, is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The Group determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of assets and forecasted life cycle and forecasted cash flows over that period. Although the Group believes that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue		
— Data solutions	**196,924**	166,440
— Sales of hardware and software and related services as an integrated service	**97,201**	54,742
— IT maintenance and support services	**36,165**	36,733
	330,290	257,915
Timing of revenue recognition		
— At a point in time	**97,201**	54,742
— Over time	**233,089**	203,173
	330,290	257,915

The chief operating decision-maker ("CODM") has been identified as the directors of the Group. The directors of the Group regard the Group's business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented in the consolidated financial statements.

The amounts provided to the directors of the Group with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated statement of financial position.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Customer A	**36,707**	48,832
Customer B	*	35,259

* represents the amount of revenue from such customer which is less than 10% of the total revenue of the year.

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	
	2020	2019
	RMB'000	RMB'000
Mainland China	**267,626**	208,876
Hong Kong	**62,664**	49,039
	330,290	257,915

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 GAINS, NET

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Other income:		
Government grants (Note i)	**13,247**	6,040
Other gains, net:		
Fair value gains on financial assets at fair value through profit or loss (Note 17)	**928**	2
Loss on disposal of property and equipment (Note 31)	**(15)**	(4)
Gain on disposal of computer software	**–**	1,031
Gain on early termination of lease	**–**	234
Others	**(480)**	(98)
	433	1,165

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. Furthermore, the Group has received a one-off incentive for enterprise-establishment of approximately RMB6,000,000 from the Yuhang District, Zhejiang Province during the year ended 31 December 2020.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Material costs	**86,491**	66,675
Employee benefit expenses (including directors' emoluments) (Note 8)	**130,077**	73,083
Subcontracting service fee	**62,041**	50,768
Listing expenses	**—**	23,851
Entertainment and travelling expenses	**4,441**	3,837
Amortisation of intangible assets (Note 14)	**6,304**	5,330
Expenses related to short-term leases	**3,705**	3,138
Depreciation of right-of-use assets (Note 15)	**3,917**	1,967
Promotion expenses	**7,949**	2,553
Consulting service fee	**7,295**	350
Office expenses	**7,109**	2,378
Depreciation of property and equipment (Note 13)	**3,189**	1,861
Other taxes	**595**	1,208
Legal and professional fees	**7,099**	1,125
Auditor's remuneration		
— Audit services	**3,656**	1,341
Share-based compensation — non employee (Note i)	**—**	2,432
Others	**2,059**	2,988
Total cost of sales, selling, administrative and research and development expenses	**335,927**	244,885

Note:

(i) During the reorganisation of the Group during the year ended 31 December 2019, one investor acquired 6% equity interests of a subsidiary of the Group in January 2019 for a cash consideration of approximately RMB4,167,000. The fair value of the equity interests issued as of the issuance date was above the cash consideration received by RMB2,432,000 and the difference was directly charged to the consolidated statement of comprehensive income for the year ended 31 December 2019 given no vesting conditions existed.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**121,181**	63,376
Pension costs (Note i)	**4,635**	1,985
Social security costs and other employee benefits (Note ii)	**9,199**	7,722
	135,015	73,083
Less: portion capitalised as intangible assets	**(4,938)**	—
	130,077	73,083

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 2019 and 2020. 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.

(ii) According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, due to the impact from Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social security costs for the period from February to December 2020 have been reduced accordingly.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any directors for the year ended 31 December 2020 (2019: one). Emoluments of the director are reflected in the analysis presented in Note 34. The emoluments payable to the five highest paid individuals for the year ended 31 December 2020 (2019: remaining four) are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**7,870**	3,418
Pension costs	**127**	63
Social security costs and other employee benefits	**161**	212
	8,158	3,693

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

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	2020	2019
Emolument bands		
Nil to HKD1,000,000	**—**	3
HKD1,000,001 to HKD1,500,000	**1**	1
HKD1,500,001 to HKD2,000,000	**3**	—
HKD2,000,001 to HKD2,500,000	**1**	—

9 FINANCE COSTS, NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income		
— Interest income on bank deposits	**513**	234
Finance costs		
— Interest expense on bank and other borrowings	**(4,269)**	(4,005)
— Finance charges on lease liabilities	**(494)**	(291)
	(4,763)	(4,296)
Finance costs, net	**(4,250)**	(4,062)

10 INCOME TAX EXPENSES

The amount of income tax expenses recorded in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
— Hong Kong profits tax	**–**	1,875
— The People Republic of China ("PRC") enterprise income tax	**3,789**	4,793
Over-provision in prior years		
— PRC enterprise income tax	**(1,329)**	—
Deferred income tax (Note 28)	**(1,654)**	(277)
Income tax expenses	**806**	6,391

(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 2020 (2019: 16.5%).

(ii) PRC enterprise income tax

Shenzhen Suoxinda Data Technology Co., Ltd. ("Suoxinda Shenzhen") and Suoxinda (Beijing) Data Technology Co., Ltd. ("Suoxinda Beijing") 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 and from 2018 to 2021, respectively.

10 INCOME TAX EXPENSES (CONTINUED)

(ii) PRC enterprise income tax (Continued)

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit before income tax	**(11,906)**	10,515
Less: share of losses/(profits) of associates, net of tax	**101**	(40)
(Loss)/profit before income tax before share of losses/(profits) of associates	**(11,805)**	10,475
Tax calculated at domestic tax rates applicable to (losses)/profits of the respective companies	**(2,627)**	5,533
Income not subject to tax	**—**	(50)
Expenses not deductible for tax purposes	**3,766**	1,473
Over-provision in prior years	**(1,329)**	—
Super deduction for research and development expenses (Note i)	**(4,099)**	(1,410)
Tax losses for which no deferred tax was recognised	**5,095**	845
Income tax expenses	**806**	6,391

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 175% 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 2019 and 2020.

11 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued during the respective periods.

	Year ended 31 December	
	2020	2019
(Loss)/profit attributable to owners of the Company (RMB'000)	**(13,108)**	4,124
Weighted average number of ordinary shares in issue (Number of shares in thousand)	**400,082**	304,932
Basic and diluted (loss)/earnings per share (RMB cents)	**(3.3)**	1.4

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion 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. During the year ended 31 December 2020, the Group has no dilutive potential ordinary shares (2019: Nil).

12 DIVIDENDS

No dividends had been paid or declared by the Company during the year ended 31 December 2020 (2019: Nil).

13 PROPERTY AND EQUIPMENT

	Building RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2019				
Cost	15,257	5,255	895	21,407
Accumulated depreciation	(2,235)	(807)	(702)	(3,744)
Net book amount	13,022	4,448	193	17,663
Year ended 31 December 2019				
Opening net book amount	13,022	4,448	193	17,663
Additions	—	1,382	—	1,382
Disposals	—	(6)	—	(6)
Depreciation	(723)	(1,071)	(67)	(1,861)
Closing net book amount	12,299	4,753	126	17,178
At 31 December 2019				
Cost	15,257	6,531	895	22,683
Accumulated depreciation	(2,958)	(1,778)	(769)	(5,505)
Net book amount	12,299	4,753	126	17,178
Year ended 31 December 2020				
Opening net book amount	**12,299**	**4,753**	**126**	**17,178**
Additions	**—**	**37,324**	**1,632**	**38,956**
Acquisition of a subsidiary (Note 32)	**—**	**68**	**—**	**68**
Disposals	**—**	**(15)**	**—**	**(15)**
Depreciation	**(723)**	**(2,152)**	**(314)**	**(3,189)**
Currency translation differences	**—**	**—**	**9**	**9**
Closing net book amount	**11,576**	**39,978**	**1,453**	**53,007**
At 31 December 2020				
Cost	**15,257**	**43,844**	**2,527**	**61,628**
Accumulated depreciation	**(3,681)**	**(3,866)**	**(1,074)**	**(8,621)**
Net book amount	**11,576**	**39,978**	**1,453**	**53,007**

13 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Selling expenses	**39**	23
Administrative expenses	**1,705**	898
Research and development expenses	**1,445**	940
	3,189	1,861

As at 31 December 2020, building of RMB11,576,000 was pledged to the Group's certain bank borrowings (2019: RMB12,299,000) (Note 29(a)).

As at 31 December 2020, equipment of RMB2,244,000 was pledged to the Group's other borrowing (2019: RMB3,258,000) (Note 29(b)).

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 2019					
Cost	73	—	—	24,408	24,481
Accumulated amortisation	—	—	—	(3,707)	(3,707)
Net book amount	73	—	—	20,701	20,774
Year ended 31 December 2019					
Opening net book amount	73	—	—	20,701	20,774
Additions	—	—	—	8,216	8,216
Amortisation charge	—	—	—	(5,330)	(5,330)
Disposal	—	—	—	(4,124)	(4,124)
Closing net book amount	73	—	—	19,463	19,536
At 31 December 2019					
Cost	73	—	—	27,469	27,542
Accumulated amortisation	—	—	—	(8,006)	(8,006)
Net book amount	73	—	—	19,463	19,536

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
Year ended 31 December 2020					
Opening net book amount	73	–	–	19,463	19,536
Additions	–	–	–	13,060	13,060
Acquisition of a subsidiary (Note 32)	18,525	8,017	1,948	–	28,490
Amortisation charge	–	(45)	(37)	(6,222)	(6,304)
Closing net book amount	18,598	7,972	1,911	26,301	54,782
At 31 December 2020					
Cost	18,598	8,017	1,948	40,333	68,896
Accumulated amortisation	–	(45)	(37)	(14,032)	(14,114)
Net book amount	18,598	7,972	1,911	26,301	54,782

During the year ended 31 December 2020, the Group wrote off fully depreciated intangible assets with total cost of RMB196,000 (2019: RMB1,624,000).

During the year ended 31 December 2020, the Group has capitalised development costs of RMB5,183,000 where the software developed is ready for use (2019: Nil).

Amortisation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Administrative expenses	332	300
Research and development expenses	5,972	5,030
	6,304	5,330

14 INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Backlog orders

Backlog orders were acquired in the business combination (Note 32) 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 (Note 32). 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.

(iii) Goodwill

In 2020, goodwill mainly arose from the acquisition of Shenzhen Macro Intelligent Data Co., Ltd ("Shenzhen YinXing"). As at 31 December 2020, 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 2020, 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 2020 are as follows:

Year ended 31 December 2020

	Shenzhen YinXing
Average annual growth rate	**16%**
Pre-tax discount rate	**21%**
Terminal growth rate	**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 2019			
Cost	9,543	—	9,543
Accumulated depreciation	(4,022)	—	(4,022)
Net book amount	5,521	—	5,521
Year ended 31 December 2019			
Opening net book amount	5,521	—	5,521
Additions	6,884	—	6,884
Depreciation	(1,967)	—	(1,967)
Write-off	(4,787)	—	(4,787)
Closing net book amount	5,651	—	5,651
At 31 December 2019			
Cost	6,884	—	6,884
Accumulated depreciation	(1,233)	—	(1,233)
Net book amount	5,651	—	5,651
Year ended 31 December 2020			
Opening net book amount	**5,651**	**—**	**5,651**
Additions	**30,176**	**20,334**	**50,510**
Depreciation	**(3,595)**	**(322)**	**(3,917)**
Closing net book amount	**32,232**	**20,012**	**52,244**
At 31 December 2020			
Cost	**37,060**	**20,334**	**57,394**
Accumulated depreciation	**(4,828)**	**(322)**	**(5,150)**
Net book amount	**32,232**	**20,012**	**52,244**

15 RIGHT-OF-USE ASSETS (CONTINUED)

Disclosures of lease-related items:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Lease commitments of short-term leases	**452**	467

Depreciation is included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Administrative expenses	**3,595**	1,967
Research and development expenses	**322**	—
	3,917	1,967

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
— Trade receivables (Note 19)	**118,065**	51,240
— Other receivables (Note 21)	**6,714**	3,956
— Pledged bank deposits (Note 23)	**5,359**	6,503
— Cash and cash equivalents (Note 23)	**74,184**	178,452
	204,322	240,151
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
— Trade payables (Note 26)	**68,675**	41,523
— Bank and other borrowings (Note 29)	**87,323**	66,850
— Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	**15,499**	11,626
	171,497	119,999

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Unlisted debt instruments		
At 1 January	**–**	–
Addition	**27,360**	1,000
Fair value change (Note 6)	**928**	2
Disposal	**(28,288)**	(1,002)
At 31 December	**–**	–

18 INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Finished goods	**–**	3

The cost of materials recognised as expense and included in "cost of sales" in the consolidated statement of comprehensive income amounted to RMB86,491,000 for the year ended 31 December 2020 (2019: RMB66,675,000).

19 TRADE RECEIVABLES

Trade receivables analysis is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables	**134,077**	54,034
Less: allowance for expected credit losses	**(16,012)**	(2,794)
	118,065	51,240

19 TRADE RECEIVABLES (CONTINUED)

The carrying amounts of trade receivables approximate their fair values at each reporting date and are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**107,130**	50,426
USD	**10,932**	798
HKD	**3**	16
	118,065	51,240

As at 31 December 2020, trade receivables outstanding from certain specific customers of the Group of approximately RMB13,338,000 have been pledged to certain bank borrowings of the Group (2019: RMB9,404,000) (Note 29(a)).

Movements on the Group's allowance for expected credit losses on trade receivables are as follows:

	2020	2019
	RMB'000	RMB'000
At the beginning of the year	**(2,794)**	(621)
Increase in expected credit losses	**(13,218)**	(2,173)
At the end of the year	**(16,012)**	(2,794)

(a) The Group allows a credit period of up to 60 days to its customers. The aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 3 months	**80,222**	47,693
3 to 6 months	**7,553**	3,979
6 months to 1 year	**27,798**	2,289
Over 1 year	**18,504**	73
	134,077	54,034

19 TRADE 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 receivables. To measure the expected credit losses, trade 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 receivables as of 31 December 2019 and 2020 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	Over 6 months past due	Total
31 December 2019:					
Weighted average expected loss rate	1%	5%	10%	32%	
Gross carrying amount (in thousand)	26,231	17,344	7,547	2,912	54,034
Allowance for expected credit losses (in thousand)	262	867	728	937	2,794
31 December 2020:					
Weighted average expected loss rate	**4%**	**6%**	**12%**	**28%**	
Gross carrying amount (in thousand)	**73,770**	**7,043**	**16,107**	**37,157**	**134,077**
Allowance for expected credit losses (in thousand)	**3,302**	**432**	**2,005**	**10,273**	**16,012**

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.

20 CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) analysis is as follows:

	As at 31 December		As at 1 January
	2020	2019	2019
	RMB'000	RMB'000	RMB'000
Contract assets	**106,733**	51,149	44,110
Less: allowance for expected credit losses	**(5,905)**	(3,525)	—
	100,828	47,624	44,110
Contract liabilities	**(1,213)**	(12,789)	(3,901)

Movements on the Group's allowance for expected credit losses on contact assets are as follows:

	2020	2019
	RMB'000	RMB'000
At the beginning of the year	**(3,525)**	—
Increase in expected credit losses	**(2,380)**	(3,525)
At the end of the year	**(5,905)**	(3,525)

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 an individual customer with contract asset amounted to RMB3,051,000 (2019: Nil) has been fully provided in view of increase in credit risk, the remaining balances substantially have the same risk characteristics as the trade receivables.

20 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The following table shows the revenue recognised during the year ended 31 December 2019 and 2020 related to carried-forward contract liabilities:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the year	**12,789**	3,901

21 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Prepayments		
Prepaid expenses (Note i)	**4,360**	1,983
Prepayment for property (Note ii)	**–**	40,000
Prepayment for a motor vehicle	**–**	884
	4,360	42,867
Less: portion classified as non-current assets	**(3,368)**	(40,884)
	992	1,983
Other receivables		
Utilities and other deposits (Note iii)	**5,940**	3,667
Other receivables	**774**	289
	6,714	3,956

Notes:

(i) Prepaid expenses included a prepayment to an independent third party of HKD4,800,000, equivalent to RMB4,042,000, for consulting services on investment decisions.

Pursuant to the service contract entered by the Company on 15 December 2019, total services fee is HKD8,000,000 and period of contract is 4 years which has commenced on 1 January 2020 and expected to end on 31 December 2023. During the year ended 31 December 2020, HKD3,200,000, equivalent to RMB2,846,000, has been recognised as professional consulting fee and included in legal and professional fee (Note 7).

However, the Company entered into the agreement with the independent third party to terminate aforesaid service contract in July 2021, and the services fee for the remaining service period from 1 August 2021 to 31 December 2023, i.e. HKD4,800,000, had been refunded to the Company in August 2021.

21 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(ii) The non-current prepayment for property as at 31 December 2019 included a property in Shenzhen, Mainland China, of RMB40,000,000. The total consideration for the property was amounted to RMB61,960,000.

The Group has further entered into an agreement on 2 December 2020 with the seller to terminate the acquisition of the property as one of the conditions for the completion of the acquisition could not be fulfilled by the seller. The balance was fully returned to the Group on 28 December 2020.

(iii) Pledged deposit of approximately RMB1,000,000 (2019: RMB800,000) with an independent third party which are pledged for bank borrowings of RMB7,200,000 (2019: RMB5,300,000) as at 31 December 2020 (Note 29(a)).

Pledged deposits of approximately RMB1,200,000 (2019: RMB1,200,000) with an independent third party which are pledged for other borrowings of RMB6,438,000 (2019: RMB15,460,000) as at 31 December 2020 (Note 29(b)).

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	
	2020	2019
	RMB'000	RMB'000
RMB	**6,974**	45,939
HKD	**4,100**	884
	11,074	46,823

22 INVESTMENT IN ASSOCIATES

	2020	2019
	RMB'000	RMB'000
As at 1 January	**440**	—
Addition (Note)	**10,000**	400
Share of (losses)/profits of associates	**(101)**	40
As at 31 December	**10,339**	440

Note:

On 7 August 2020, the Group entered into a shareholder agreement with two independent third parties to invest 28.57% of the issued share capital Shenzhen Jichuang Investment Ltd. ("Shenzhen JiChuang") at a consideration of approximately RMB10,000,000, which is proportionate to the net asset value of Shenzhen JiChuang at that time. Upon completion of the transaction, the Group accounts for the equity interest in Shenzhen JiChuang as an associate.

22 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	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%	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%	Investment management

* 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.

Summarised statement of financial position

	As at 31 December 2020 RMB'000
ASSETS	
Non-current assets	**35,000**
Current assets	**4**
Total assets and net assets	**35,004**

22 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	For the period from 8 August to 31 December 2020 RMB'000
Profit and total comprehensive income	–

Reconciliation of summarised financial information

	For the period from 8 August to 31 December 2020 RMB'000
Initial recognition of the investment	35,004
Profit and total comprehensive income for the period	–
Closing net assets	35,004
Group's share in%	28.57%
Group's share in RMB	10,000
Carrying amount of the investment	10,000

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.

	2020 RMB'000	2019 RMB'000
As at 31 December:		
Carrying amounts of interests	339	440
Year ended 31 December:		
(Loss)/profit and total comprehensive (loss)/income	(101)	40

23 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at bank	**74,044**	178,373
Cash on hand	**140**	79
Cash and cash equivalents	**74,184**	178,452
Pledged bank deposits (Note i)	**5,359**	6,503
Maximum exposure to credit risk	**79,403**	184,876

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**54,084**	44,381
USD	**1,077**	16,823
HKD	**19,023**	117,248
	74,184	178,452

Note:

(i) As at 31 December 2020, bank deposits of RMB5,359,000 (2019: RMB6,503,000) were pledged at banks to secure the Group's bank borrowings (Note 29(a)). Pledged bank deposits are denominated in RMB and deposited with creditworthy banks with no recent history of default.

As at 31 December 2020, the Group had cash and cash equivalents and pledged bank deposits amounting to RMB60,432,000 (2019: RMB51,280,000), which are held in Mainland China. These balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL

	Note	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorised:			
Ordinary shares of HKD0.01 each as at 1 January 2019		38,000,000	336
Creation of shares	(i)	1,962,000,000	17,554
As at 31 December 2019 and 2020		2,000,000,000	17,890
Issued:			
As at 1 January 2019		10,000	—
Issue of shares during the reorganisation	(i)	299,990,000	2,683
Issue of shares pursuant to the share offer	(ii)	100,000,000	895
As at 31 December 2019		400,000,000	3,578
Issue of shares pursuant to the acquisition of a subsidiary	(iii)	2,150,537	19
As at 31 December 2020		402,150,537	3,597

Notes:

(i) On 15 November 2019, the Company increased the authorised shares from 38,000,000 to 2,000,000,000 by creating a further of 1,962,000,000 shares. On the same day, the Company issued and allotted 299,990,000 shares of HKD0.01 each of the Company to its respective shareholders and credited against share premium.

(ii) In connection with the Company's listing on Main Board of The Stock Exchange of Hong Kong Limited on 13 December 2019, 100,000,000 new ordinary shares of HKD0.01 each were issued at a price of HKD1.5 per share for a total consideration (before share issuance expenses) of approximately RMB134,619,000, credited to share capital of RMB895,000 and share premium of RMB133,724,000, respectively. In addition, issuance costs amounting to approximately RMB11,401,000 was charged against the share premium account of the Company.

(iii) The Company issued and allotted 2,150,537 shares at a price of HKD5.74 per share as part of the consideration upon the completion of the acquisition of a subsidiary (Note 32).

25 OTHER RESERVES

	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Exchange reserve RMB'000	Statutory reserve RMB'000 (Note iii)	Total RMB'000
Balance at 1 January 2019	—	56,620	194	6,034	62,848
Other comprehensive income					
Currency translation differences	—	—	(245)	—	(245)
Transactions with owners in their capacity as owners					
Capitalisation issue of shares (Note 24(i))	(2,683)	—	—	—	(2,683)
Issue of shares pursuant to the Share Offer, net (Note 24(ii))	133,724	—	—	—	133,724
Capital contribution to a subsidiary by an equity holder of a subsidiary (Note ii)	—	4,167	—	—	4,167
Share-based compensation — non employee (Note ii)	—	2,432	—	—	2,432
Transfer to statutory reserve (Note iii)	—	—	—	2,877	2,877
Listing expenses charged to share premium (Note 24(ii))	(11,401)	—	—	—	(11,401)
	119,640	6,599	—	2,877	129,116
Balance at 31 December 2019	119,640	63,219	(51)	8,911	191,719
Balance at 1 January 2020	**119,640**	**63,219**	**(51)**	**8,911**	**191,719**
Other comprehensive income					
Currency translation differences	**—**	**—**	**(2,536)**	**—**	**(2,536)**
Transactions with owners in their capacity as owners					
Issue of shares pursuant to the acquisition of a subsidiary (Notes 24(iii) and 32)	**10,400**	**—**	**—**	**—**	**10,400**
Transfer to statutory reserve (Note iii)	**—**	**—**	**—**	**1,794**	**1,794**
	10,400	**—**	**—**	**1,794**	**12,194**
Balance at 31 December 2020	**130,040**	**63,219**	**(2,587)**	**10,705**	**201,377**

25 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.

(ii) During the reorganisation, one investor acquired 6% equity interests of a subsidiary of the Group in January 2019 for a cash consideration of approximately RMB4,167,000. The fair value of the equity interests issued as of the share issuance date exceeded the cash consideration received by RMB2,432,000 and the difference was directly charged to the consolidated statement of comprehensive income for the year ended 31 December 2019 given no vesting conditions exist.

(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.

26 TRADE PAYABLES

Trade payables analysis is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	**68,675**	41,523

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 30 days	**52,271**	40,698
31 to 60 days	**3,259**	147
61 to 90 days	**2,120**	631
Over 90 days	**11,025**	47
	68,675	41,523

26 TRADE PAYABLES (CONTINUED)

The carrying amounts of the trade payables approximate their fair values as at 31 December 2019 and 2020. The trade payables are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**65,737**	40,709
HKD	**2**	10
USD	**2,936**	804
	68,675	41,523

27 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Accrued salaries and wages	**24,119**	12,126
Other tax payables	**13,512**	5,839
Accrued listing expenses	**—**	3,248
Payables for purchase of equipment and intangible assets	**6,363**	4,716
Consideration payable for the acquisition of a subsidiary (Note 32)	**1,574**	—
Other payables	**7,562**	3,662
	53,130	29,591
Less: portion classified as non-current liabilities	**(1,574)**	—
	51,556	29,591

27 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 2019 and 2020. The carrying amounts of the accruals and other payables (excluding non-financial liabilities) are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**13,231**	8,077
HKD	**2,268**	3,549
	15,499	11,626

28 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	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets	**1,859**	226
Deferred tax liabilities	**(2,471)**	—
	(612)	226

28 DEFERRED TAXATION (CONTINUED)

The net movement on the deferred income tax (liabilities)/assets 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 2019	(51)	–	–	(51)
Credited to the consolidated statement of comprehensive income (Note 10)	277	–	–	277
At 31 December 2019	226	–	–	226
At 1 January 2020	**226**	**–**	**–**	**226**
Additions from acquisition of a subsidiary (Note 32)	**–**	**–**	**(2,492)**	**(2,492)**
Credited to the consolidated statement of comprehensive income (Note 10)	**419**	**1,214**	**21**	**1,654**
At 31 December 2020	**645**	**1,214**	**(2,471)**	**(612)**

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 2020 in respect of the tax losses in the amount of RMB34,234,000 (2019: RMB7,563,000), which are available for offsetting against future taxable profits of the company in which the losses arose. These tax losses will expire by 31 December 2030 (2019: 31 December 2029).

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.

28 DEFERRED TAXATION (CONTINUED)

As at 31 December 2020, deferred income tax liabilities of RMB6,716,000 (2019: RMB2,937,000) 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 2020. 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.

29 BANK AND OTHER BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Other borrowings (Note (b))	**–**	6,438
	–	6,438
Current		
Bank borrowings (Note (a))	**80,885**	51,390
Other borrowings (Note (b))	**6,438**	9,022
	87,323	60,412
Total	**87,323**	66,850

(a) Bank borrowings

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Interest-bearing bank borrowings	**80,885**	51,390

29 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings (Continued)

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	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**80,885**	51,390

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB.

The weighted average interest rate is 5.1% per annum for the year ended 31 December 2020 (2019: 5.9%).

As at 31 December 2020, the Group had aggregate banking facilities of RMB108,000,000 (2019: RMB61,474,000). Unused facilities as at the same date amounted to RMB31,315,000 (2019: RMB10,084,000). The Group's banking facilities are secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB30,000,000 as at 31 December 2020 (2019: RMB8,000,000);

(ii) building of the Group of approximately RMB11,576,000 as at 31 December 2020 (2019: RMB12,299,000) (Note 13);

(iii) pledged bank deposits of approximately RMB5,359,000 held at bank as at 31 December 2020 (2019: RMB6,503,000) (Note 23);

(iv) trade receivables outstanding from certain specific customers of the Group of approximately RMB13,338,000 as at 31 December 2020 (2019: RMB9,404,000) (Note 19);

(v) other deposits of the Group of RMB1,000,000 as at 31 December 2020 (2019: RMB800,000) (Note 21(iii)); and

(vi) personal guarantee from the directors of the Company and their spouses.

29 BANK AND OTHER BORROWINGS (CONTINUED)

(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	
	2020	2019
	RMB'000	RMB'000
Within one year	**6,438**	9,022
One to two years	**–**	6,438
	6,438	15,460
Less: portion classified as current liabilities	**(6,438)**	(9,022)
	–	6,438

The Group entered into loan agreements dated 11 March 2019 and 7 December 2019 with an independent third party at a principal amount of RMB7,700,000 and RMB10,500,000 which bear interest at 8.1% and 5.7% per annum, respectively, and are denominated in RMB. The loans are repayable in equal monthly instalments and will be fully settled on 29 March 2021 and 26 December 2021, respectively. As at 31 December 2020, the loans are secured by:

(i) other deposits of RMB1,200,000 (2019: RMB1,200,000) (Note 21(iii)); and

(ii) certain equipment of the Group of approximately RMB2,244,000 (2019: RMB3,258,000) (Note 13).

The carrying amounts of other borrowings approximate their fair values as at 31 December 2019 and 2020.

30 LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Within one year	**15,792**	2,079
One to two years	**16,389**	2,567
Two to five years	**17,555**	1,214
Over five years	**444**	—
Total lease payments	**50,180**	5,860
Less: future finance charges	**(4,918)**	(464)
Total lease liabilities	**45,262**	5,396
Less: portion classified as current liabilities	**(13,510)**	(1,791)
	31,752	3,605

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 RMB3,705,000 for the year ended 31 December 2020 (2019: RMB3,138,000) 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 2020 is RMB11,138,000 (2019: RMB2,498,000).

31 CASH (USED IN)/GENERATED FROM OPERATIONS

	2020 RMB'000	2019 RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax	**(11,906)**	10,515
Adjustments for:		
Share-based compensation — non-employee	**—**	2,432
Share of losses/(profits) of associates	**101**	(40)
Gain on early termination of lease	**—**	(234)
Depreciation of property and equipment	**3,189**	1,861
Amortisation of intangible assets	**6,304**	5,330
Depreciation of right of use assets	**3,917**	1,967
Provision for impairment of trade receivables	**13,218**	2,794
Provision for impairment for contract assets	**2,380**	3,525
Loss on disposal of property and equipment	**15**	4
Gain on disposal of intangible assets	**—**	(1,031)
Finance costs, net	**4,250**	4,062
Fair value gains on short-term investments	**(928)**	(2)
Operating cash flows before changes in working capital	**20,540**	31,183
Changes in working capital:		
Increase in trade receivables	**(75,646)**	(38,996)
Increase in prepayments and other receivables	**(4,240)**	(1,806)
(Increase)/decrease in contract assets/liabilities, net	**(69,648)**	1,849
Decrease in inventories	**457**	280
Increase in trade payables	**27,152**	29,593
Increase in accruals and other payables	**15,404**	10,585
Cash (used in)/generated from operations	**(85,981)**	32,688

31 CASH (USED IN)/GENERATED FROM OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	2020 RMB'000	2019 RMB'000
Property and equipment		
Net book value	**15**	6
Loss on disposal of property and equipment	**(15)**	(4)
Proceeds from disposal of property and equipment	**–**	2

(a) Non-cash transactions

During the year ended 31 December 2020, additions to the right-of-use assets amounted to RMB50,510,000 (2019: RMB6,448,000).

(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.

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	**74,184**	178,452
Pledged bank deposits and other deposits	**7,559**	8,503
Bank and other borrowings	**(87,323)**	(66,850)
Lease liabilities	**(45,262)**	(5,396)
Net (debt)/cash	**(50,842)**	114,709

31 CASH (USED IN)/GENERATED FROM 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	Total RMB'000
Net debt as at 1 January 2019	44,266	10,312	(61,070)	(5,740)	(12,232)
Cash flows	134,021	(1,809)	(5,780)	2,498	128,930
Acquisition — leases	—	—	—	(1,863)	(1,863)
Lease interests	—	—	—	(291)	(291)
Foreign exchange adjustments	165	—	—	—	165
Net cash as at 31 December 2019	178,452	8,503	(66,850)	(5,396)	114,709
Cash flows	(103,318)	(944)	(20,473)	11,138	(113,597)
Acquisition — leases	—	—	—	(50,510)	(50,510)
Lease interests	—	—	—	(494)	(494)
Foreign exchange adjustments	(950)	—	—	—	(950)
Net debt as at 31 December 2020	**74,184**	**7,559**	**(87,323)**	**(45,262)**	**(50,842)**

32 BUSINESS COMBINATION

On 9 December 2020, the Group entered into an equity transfer agreement to acquire 56% of the share capital of Shenzhen YinXing. Subsequently, the acquisition was completed on 17 December 2020 and thereby obtained the control of Shenzhen YinXing, which is principally engaged in providing enterprise customers with specialised information technology services, including preliminary project consultation, technical certification, product platform and business implementation, personnel training, software development, and on-site operation and maintenance.

Details of the consideration paid for Shenzhen YinXing, the fair value of net assets acquired and liabilities assumed and the non-controlling interest's proportionate share of Shenzhen YinXing's net identifiable assets at the acquisition date are as follows:

	RMB'000
Purchase consideration	
— Cash (Note a)	3,474
— Issue of 2,150,537 ordinary shares	10,419
Total purchase consideration	13,893

32 BUSINESS COMBINATION (CONTINUED)

The fair value of the ordinary shares issued as part of the purchase consideration was based on the published share price at the date of completion (i.e. HKD5.74 per share).

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	RMB'000
Furniture, fittings and equipment (Note 13)	68
Inventories	454
Trade receivables (Note b)	5,194
Other receivables, prepayments and deposits	695
Cash and cash equivalent	208
Contract liabilities	(1,690)
Accruals and other payables	(4,914)
Deferred tax liabilities	(2,492)
Current income tax liabilities	(1,204)
Backlog orders (Note 14)	1,948
Customer relationship (Note 14)	8,017
Net identifiable assets acquired	6,284
Less: non-controlling interests (Note c)	(10,916)
Add: goodwill (Note 14)	18,525
Net assets acquired	13,893

The goodwill of RMB18,525,000 arising from the acquisition is attributable to the expected synergies arising from the technical know-how and the combined operations of the Group and Shenzhen YinXing. None of the goodwill recognised is expected to be deductible for income tax purposes.

The acquired business contributed revenue of approximately RMB15,048,000 and net profit of approximately RMB901,000 to the Group for the period from 18 to 31 December 2020 (Note 36). Had Shenzhen YinXing been consolidated from 1 January 2020, consolidated revenue and net loss of the Group would have been approximately RMB364,701,000 and RMB15,212,000, respectively.

There were no acquisitions in the year ended 31 December 2019.

Notes:

(a) As at 31 December 2020, the Group has settled approximately RMB1,900,000 to the vendors of Shenzhen YinXing, with the unsettled scheduled to be repaid before 31 December 2022.

(b) The fair value of the acquired trade receivables is RMB5,194,000. The gross contractual amount for trade receivables due is RMB5,706,000, with a loss allowance of RMB512,000 on initial recognition.

32 BUSINESS COMBINATION (CONTINUED)

Notes: (Continued)

(c) The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquire entity's net assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Shenzhen YinXing, the Group elected to recognise the non-controlling interests at fair value.

This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of 14.7%;
- assumed long-term sustainable growth rate of 3%; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Shenzhen YinXing.

Purchase consideration — net cash outflow

	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	(3,474)
Less:	
Consideration payable	1,574
Cash acquired	208
Net outflow of cash — investing activities	(1,692)

Performance targets of Shenzhen YinXing for the financial years ending 31 December 2021 and 2022

Pursuant to the equity transfer agreement entered into with the vendors, the vendors warrant and guarantee to the Group that Shenzhen YinXing shall meet the agreed certain performance targets with regards to Shenzhen YinXing's revenue and net profit for the financial years ending 31 December 2021 and 2022. The vendors shall make cash compensation to the Group if Shenzhen YinXing fails to achieve the agreed performance targets, and the amount depends on the percentage of performance targets that Shenzhen YinXing attains for the financial years ending 31 December 2021 and 2022. The Group has estimated that the fair value of such amount of cash compensation receivable from the vendors as at the date of the completion of acquisition and 31 December 2020 to be minimal.

Acquisition of remaining equity interest in Shenzhen YinXing

Pursuant to the equity transfer agreement entered into with the vendors, the Group have the right to acquire the remaining equity interests in Shenzhen YinXing held by the vendors subsequently after the acquisition. Such arrangement and the consideration are subjected to further negotiation between the Group and the vendors.

33 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 each of the years ended 31 December 2019 and 2020.

Name of the related parties	Relationship with the Group
Mr. Song Hongtao ("Mr. Song")	Chairman, Director and controlling shareholder
Mr. Wu Xiaohua ("Mr. Wu")	Director, shareholder and the Chief Executive Officer (Resigned as the Chief Executive Officer on 26 March 2020)
Ms. Huang Liming	Mr. Song's spouse
Ms. Chi Xianfang	Mr. Wu's spouse
Mr. Lam Chun Hung Stanley ("Mr. Lam")	Director
Ms. Wang Jing ("Ms. Wang")	Director
Mr. Wu Fu-Shea	Senior management (Appointed as the Chief Executive Officer on 26 March 2020)
Mr. Cao Xinjian	Senior management
Ms. Wei Huijuan	Senior management
Mr. Zhang Lei	Senior management
Mr. Wang Jialin	Senior management
Ms. Yu Hongcui	Senior management
Mr. Song Aihua	Senior management
Ms. Zhu Dongmei	Senior management
Mr. Jiang Jingxiang	Senior management

(a) Key management compensation

The compensation paid or payable to key management for employee services during the years ended 31 December 2019 and 2020 are shown below:

	2020 **RMB'000**	2019 RMB'000
Salaries, bonuses, fees and allowances	**13,997**	7,030
Pension costs	**288**	143
Social security costs and other employee benefits	**443**	445
	14,728	7,618

34 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 2019 and 2020 are as follows:

Year ended 31 December 2019

	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	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. Song	34	280	150	70	54	–	–	588
Mr. Wu*	20	224	120	56	45	–	–	465
Mr. Lam	20	158	–	–	–	–	–	178
Ms. Wang	20	384	180	158	57	–	–	799
Independent Non-Executive Directors								
Mr. Tu Xinchun ("Mr. Tu")	13	–	–	–	–	–	–	13
Ms. Zhang Yahan ("Ms. Zhang")	13	–	–	–	–	–	–	13
Dr. Qiao Zhonghua ("Dr. Qiao")	13	–	–	–	–	–	–	13
	133	1,046	450	284	156	–	–	2,069

* Mr. Wu was the Chief Executive Officer of the Company before 26 March 2020.

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Year ended 31 December 2020

	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	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. Song	443	336	–	84	72	–	–	935
Mr. Wu	336	256	–	66	58	–	–	716
Mr. Lam	160	67	–	–	8	–	–	235
Ms. Wang	336	362	129	101	82	–	–	1,010
Independent Non-Executive Directors								
Mr. Tu	107	–	–	–	–	–	–	107
Ms. Zhang	107	–	–	–	–	–	–	107
Dr. Qiao	107	–	–	–	–	–	–	107
Chief Executive Officer								
Mr. Wu Fu-Shea**	448	1,054	–	–	12	–	–	1,514
	2,044	2,075	129	251	232	–	–	4,731

** Mr. Wu Fu-Shea was appointed as the Chief Executive Officer on 26 March 2020, and was appointed as an Executive Director on 10 September 2021.

Ms. Zhang, Mr. Tu and Dr. Qiao were appointed as the Company's independent non-executive directors on 15 November 2019.

There was no arrangement under which a director waived or agreed to waive any emolument during the year ended 31 December 2020 (2019: Nil).

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2019: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2020, the Company did not pay consideration to any third parties for making available directors' services (2019: 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 2020 (2019: 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 2020 (2019: Nil).

35 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 2020	Effective equity interest held 2019	Principal activities
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
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%**	–	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services

35 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 2020	Effective equity interest held 2019	Principal activities
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%**	–	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Hangzhou Tanyan Technology Co., Ltd. (杭州探研科技有限公司)	Mainland China, limited liability company	10,000,000 ordinary shares of RMB1 each RMB10,000,000	**100%**	–	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
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	**56%**	–	Provision of data solutions, sales of hardware and software and related services as an integrated service

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.

36 NON-CONTROLLING INTERESTS

Shenzhen YinXing is a subsidiary with 44% non-controlling interests that are material to the Group. Set out below is the summarised financial information of Shenzhen YinXing.

Summarised statement of financial position

	As at 31 December 2020 RMB'000
Current assets	20,286
Current liabilities	(20,579)
Net current liabilities	(293)
Non-current assets	9,949
Non-current liabilities	(2,471)
Net non-current assets	7,478
Net assets	7,185

Summarised statement of comprehensive income

	For the period from 18 to 31 December 2020 RMB'000
Revenue	15,048
Profit for the year	901
Profit attributable to non-controlling interests	396

36 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised cash flows

	For the period from 18 to 31 December 2020 RMB'000
Net cash generated from operating activities	**2,089**
Net cash generated from investing activities	**—**
Net cash generated from financing activities	**—**
Net increase in cash and cash equivalents	**2,089**

37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**150,614**	69,451
Prepayments		**3,368**	—
		153,982	69,451
Current assets			
Amount due from subsidiaries		**11,666**	1,342
Other receivables		**58**	—
Prepayments		**674**	—
Cash and cash equivalents		**17,038**	116,560
		29,436	117,902
Total assets		**183,418**	187,353
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	**3,597**	3,578
Other reserves	(a)	**195,904**	188,806
Accumulated losses	(a)	**(35,996)**	(25,352)
Total equity		**163,505**	167,032
LIABILITIES			
Current liabilities			
Accruals and other payables		**3,125**	4,703
Amounts due to subsidiaries		**16,788**	15,618
Total liabilities		**19,913**	20,321
Total equity and liabilities		**183,418**	187,353

37 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)	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	–	–	–	–	–
Comprehensive loss					
Loss for the year	–	–	–	(25,352)	(25,352)
Other comprehensive loss					
Currency translation differences	–	–	(285)	–	(285)
Total comprehensive loss for the year	–	–	(285)	(25,352)	(25,637)
Transactions with owners in their capacity as owners					
Contributed surplus during Reorganisation	–	69,451	–	–	69,451
Capitalisation issue of shares (Note 24(i))	(2,683)	–	–	–	(2,683)
Issue of shares pursuant to the share offer, net (Note 24(ii))	133,724	–	–	–	133,724
Listing expenses charged to share premium (Note 24(ii))	(11,401)	–	–	–	(11,401)
	119,640	69,451	–	–	189,091
At 31 December 2019	119,640	69,451	(285)	(25,352)	163,454

37 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)	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	119,640	69,451	(285)	(25,352)	163,454
Comprehensive loss					
Loss for the year	–	–	–	(10,644)	(10,644)
Other comprehensive loss					
Currency translation differences	–	–	(3,302)	–	(3,302)
Total comprehensive loss for the year	–	–	(3,302)	(10,644)	(13,946)
Transactions with owners in their capacity as owners					
Issue of shares pursuant to the acquisition of a subsidiary (Notes 24(iii) and 32)	10,400	–	–	–	10,400
At 31 December 2020	130,040	69,451	(3,587)	(35,996)	159,908

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.

38 SHARE-BASED PAYMENTS

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.

38 SHARE-BASED PAYMENTS (CONTINUED)

Equity-settled share option scheme (Continued)

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.

No option has been granted under the Share Option Scheme during the year ended 31 December 2020.

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				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**330,290**	257,915	185,549	139,386	170,404
Gross profit	**117,592**	91,594	63,077	46,461	38,773
(Loss)/profit before income tax	**(11,906)**	10,515	27,172	23,591	15,572
Income tax expenses	**(806)**	(6,391)	(4,529)	(2,714)	(2,043)
(Loss)/profit for the year	**(12,712)**	4,124	22,643	20,877	13,529
(Loss)/profit for the year attributable to:					
Owners of the Company	**(13,108)**	4,124	23,156	20,765	13,572
Non-controlling interests	**396**	—	(513)	112	(43)

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**175,599**	83,915	63,958	23,206	22,419
Current assets	**306,142**	289,761	118,460	103,401	75,377
Non-current liabilities	**35,797**	10,043	4,317	612	1,214
Current liabilities	**230,297**	154,073	102,237	47,961	34,054
Net current assets	**75,845**	135,688	16,223	55,440	41,323
Total assets less current liabilities	**251,444**	219,603	80,181	78,646	63,742