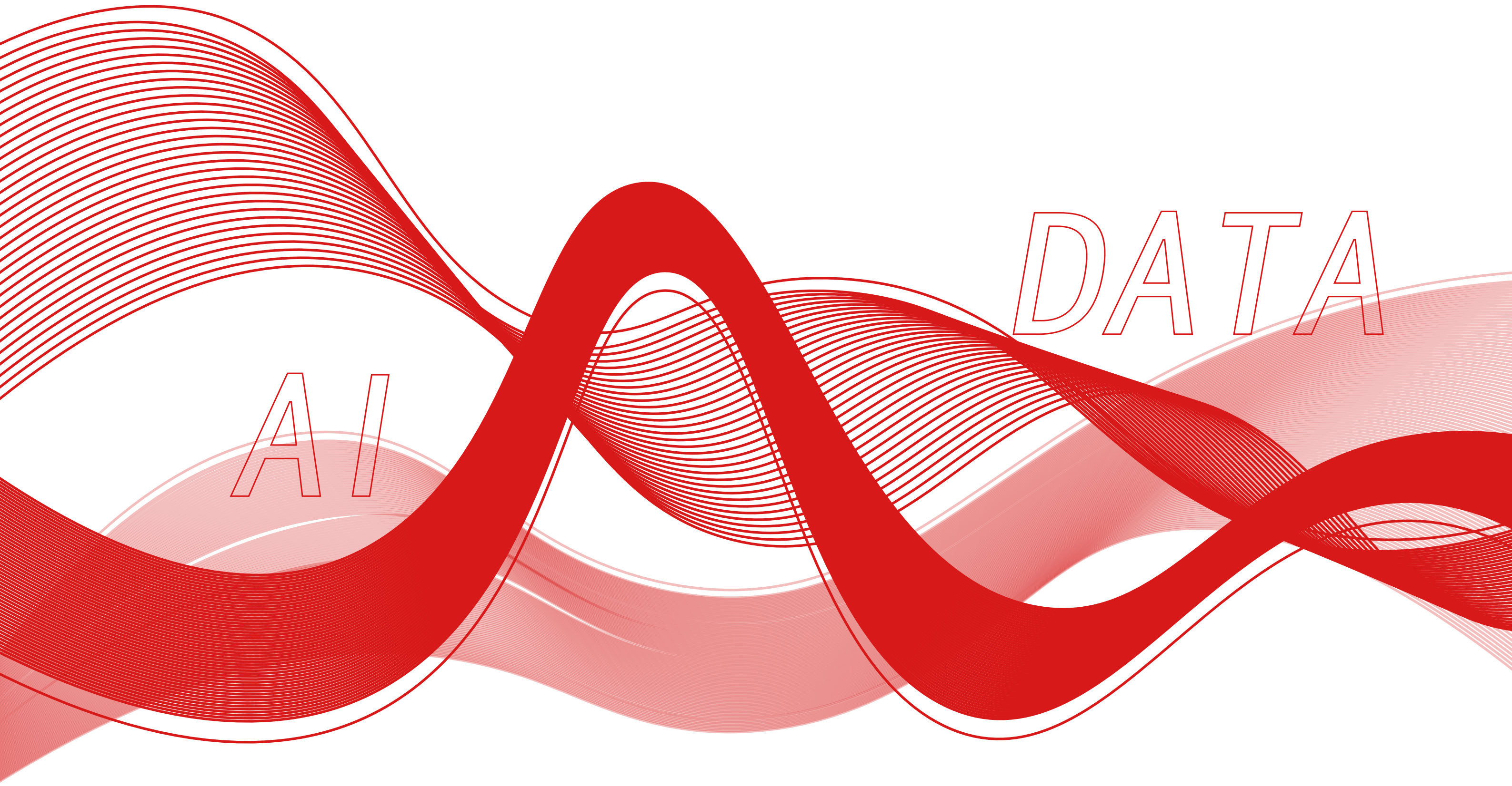
瑞和数智
RUIHE DATA

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

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 3680



2024 ANNUAL REPORT

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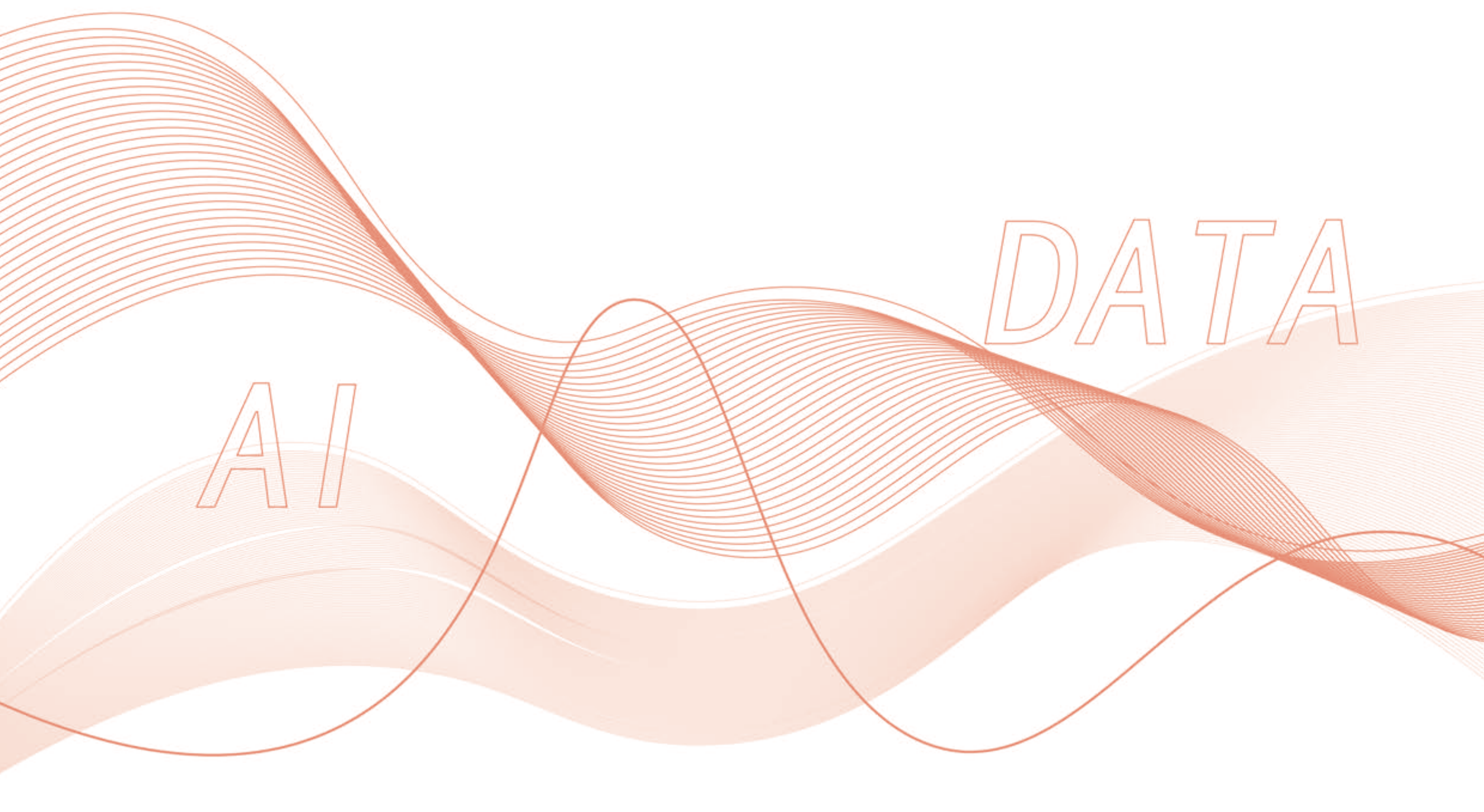

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS	Mr. Xue Shouguang *(Chairman of the Board)* Mr. Sun Dexin Mr. Xue Xindi
NON-EXECUTIVE DIRECTORS	Dr. Wu Fu-Shea Mr. Wu Xiaohua Mr. Fei Xiang
INDEPENDENT NON-EXECUTIVE DIRECTORS	Dr. Tian Yu Mr. Wei Junheng Ms. Chu Jijun
CHIEF EXECUTIVE OFFICER	Mr. Xue Shouguang
COMPANY SECRETARY	Ms. So Ka Man *(FCG, HKFCG(PE))*
AUTHORIZED REPRESENTATIVES	Ms. So Ka Man Mr. Fei Xiang
AUDIT COMMITTEE	Dr. Tian Yu *(Committee Chairman)* Mr. Wei Junheng Ms. Chu Jijun
REMUNERATION COMMITTEE	Mr. Wei Junheng *(Committee Chairman)* Mr. Fei Xiang Dr. Tian Yu
NOMINATION COMMITTEE	Mr. Xue Shouguang *(Committee Chairman)* Dr. Tian Yu Mr. Wei Junheng Ms. Chu Jijun

Corporate Information

INDEPENDENT AUDITOR	**ZHONGHUI ANDA CPA Limited** Certified Public Accountants 23/F, Tower 2 Enterprise Square Five 38 Wang Chiu Road Kowloon Bay Hong Kong
HONG KONG LEGAL ADVISOR	**Jia Yuan Law Office** 7/F and 17/F No. 238 Des Voeux Road Central Sheung Wan Hong Kong
REGISTERED OFFICE	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
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	Room 1928, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
PRINCIPAL BANKS	**China Construction Bank** **Shenzhen Jinsha Branch** Shop 137, 1st Floor KK ONE Mall Jingji Binhe Times Square No. 9289 Binhe Avenue Futian District, Shenzhen People's Republic of China
	China Merchants Bank **Shenzhen Weisheng Building Branch** 1st Floor, Weisheng Technology Building No. 9966 Shennan Road Nanshan District, Shenzhen People's Republic of China
WEBSITE	www.datamargin.com
STOCK CODE	3680

Financial Highlights

1. Revenue for the year ended 31 December 2024 (the "**Reporting Period**") amounted to approximately RMB377,843,000, representing an increase of approximately 2.7% or approximately RMB9,898,000 as compared with that of 2023. During the Reporting Period, Ruihe Data Technology Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") strategically adjusted its business structure and there were mainly the following changes in the composition of revenue: (1) the proportion of the Group's data solutions business to the Group's overall revenue decreased from 45.4% to 39.2%, which represented a decrease of approximately 11.4% or approximately RMB19,019,000 as compared with that of the previous year; (2) the proportion of commodities trading business to the Group's overall revenue for the Reporting Period increased from 10.7% to 33.0%, representing an increase of approximately 218.1% or approximately RMB85,589,000 in revenue from trading of commodities business during the Reporting Period as compared to 2023; and (3) the proportion of the sales of hardware and software and related services as an integrated service to the Group's overall operating revenue decreased from 39.3% to 26.2%, representing a decrease of approximately 31.5% or approximately RMB45,596,000 in revenue from trading of commodities business during the Reporting Period as compared to 2023.

2. Gross profit for the Reporting Period was approximately RMB38,075,000, representing a decrease of approximately 19.2% as compared with that in 2023. Gross profit margin for the reporting period was approximately 10.1%, representing a decrease of approximately 2.7% as compared with that in 2023 (2023: approximately 12.8%). The decrease in gross profit and gross profit margin was mainly attributable to the adjustment of operating revenue structure in 2024, which resulted in an increase in the proportion of trading of commodities with lower gross profit.

3. Net loss for the Reporting Period amounted to approximately RMB74,044,000, representing a decrease of approximately 32.1% as compared to that of 2023 (2023: net loss of approximately RMB109,009,000). The year-on-year decrease in loss was mainly attributable to the reduction in various costs as a result of a series of operational optimization measures taken by the Group:

   (1) selling expenses for the Reporting Period decreased by approximately RMB11,197,000 to RMB8,387,000, representing a decrease of approximately 57.2% as compared with that of 2023;

   (2) by strengthening the management of operating projects and accelerating the recovery of trade receivables, the expected credit losses on financial assets and contract assets for the Reporting Period decreased by approximately RMB24,600,000 to approximately RMB2,669,000, representing a decrease of approximately 90.2% as compared to 2023; and

   (3) administrative expenses for the Reporting Period decreased by approximately RMB2,044,000 to RMB53,553,000, representing a decrease of approximately 3.7% as compared with that of 2023.

Chairman's Statement

Dear investors,

At present, China is accelerating towards a "digital power". The scale of the digital economy has exceeded RMB70 trillion, the market-oriented reform of data elements has deepened, and the deep integration of AI models and fintech application scenarios has opened up a vast world for the industry. This is a once-in-a-lifetime opportunity with the national "East Digital and West Computing" project ("東數西算"工程), the policy of inclusion of data assets into financial statements, and the demand for digital transformation of the financial industry. The Group has always taken "autonomous and controllable technology" as our foundation and "data intelligence + marketing technology" as our two wings, and has continued to consolidate our leading advantages in localization substitution and industrial empowerment.

2024 was a year of great momentum in China's information technology and big data industry. As a pioneer in the field of financial technology, our Group has always resonated with the national strategy, with autonomous innovation as the engine and customer value as the core. In 2024, the Group demonstrated its developmental resilience amidst the pressure and rose to the challenge with strategic determination and innovative vigor. We continued to consolidate our business advantages in the big data and intelligent marketing solutions market, and cooperated with a number of head financial institutions in major projects to help their digital transformation and data value mining. Highlights of our market performance; IDC report showed that the Group has been ranked No. 1 in the intelligent marketing solutions market in China's banking industry for three consecutive years, confirming the industry's high recognition of us. In the face of market challenges, we took the initiative to adjust our strategy by divesting inefficient businesses, focusing on high-value businesses and optimizing resource allocation, and accelerating the layout of data elements and emerging market sectors by participating in the establishment of a big data industry fund and other initiatives. In terms of technological innovation, we continued to upgrade our core products and further consolidated our technological edges.

Looking forward to 2025, China's FinTech market will usher in a paradigm shift from "scale expansion" to "value creation", with AI scale application, release of data elements value, and deepening of localization substitution becoming the core growth engines. Our Group will anchor the future with three strategies:

1. Deepening the core data business and strengthening the leading edge. Deepen the cooperation with head financial institutions to make wider scenes and deeper services;

2. Relying on our profound technical capabilities and rich project experience, we will expand the depth of empowerment in finance, government affairs and other fields, accelerate the circulation of data elements, inclusion of digital assets into the financial statements and other innovative businesses, develop new business areas, activate growth momentum and cultivate the "second curve" of performance growth;

3. Innovation is the foundation which will lead technological changes. We will continue to tackle autonomous intellectual property technology, embrace AI big model technology, explore decision-making AI applications, and meet diversified scenario needs with "small and beautiful" products.

The times will not disappoint the dreamers, and the rivers will favor the oarsmen. The development of the Group cannot be separated from the trust of every investor, the support of our partners and the dedication of all our colleagues. In the future, we will continue to return our trust with more solid performance, more cutting-edge technology and more openness, create long-term value for shareholders and contribute digital power to society.

Together, the future is promising!

Xue Shouguang
Chairman of the Board

Management Discussion and Analysis

I. INDUSTRY BACKGROUND ANALYSIS

In 2024, China's IT and big data industry has reached a new development turning point driven by national strategic guidance and market demand. As the world's second largest economy and the most active market for digital technology applications, China's economic transformation, policy innovation and technological progress have injected strong momentum into the industry.

1. Seek progress while maintaining macroeconomic stability

China's GDP was expected to grow by around 5.2% in 2024, and the economic structure continues to transform into an innovation-driven economy. The proportion of services and high-tech manufacturing increased to 60% and 15%, and the scale of the digital economy exceeded RMB70 trillion, accounting for more than 50% of GDP, becoming a key force driving growth (Source: National Bureau of Statistics).

2. Deepen the "double circle" pattern

Under the background of improving the domestic economic circulation, consumption upgrading and technology autonomy and control have become the focus. Financial institutions are accelerating their digital transformation, and the demand for big data services such as intelligent risk control and precision marketing is surging. At the same time, international technological competition has forced the process of localization and substitution, and the IT application innovation industry has entered the stage of large-scale landing.

3. Investment in new infrastructure continues to increase

In 2024, the total scale of data center computing power in the country was expected to exceed 300 EFLOPS, the total number of 5G base stations exceeded 4 million, and the east digital and west computing project drove the investment in the western computing hub to exceed RMB500 billion (Source: Ministry of Industry and IT). The improvement of infrastructure provides the fundamental support for the circulation of data elements.

Under the macroeconomic environment in which the country vigorously promotes new infrastructure construction and encourages technological autonomy and control, China's IT and big data industry has also ushered in more opportunities.

1. *Market-oriented reform of data elements*

In February 2023, the Central Committee of the Communist Party of China and The State Council issued the Opinions on Building a Data Basic System for Data Elements Playing A Better Role ("《關於構建數據基礎制度更好發揮數據要素作用的意見》"), also known as the "Data 20". "Data 20" proposed the construction of data property rights, circulation transactions, income distribution, security governance and other four systems, a total of 20 policies and measures. In 2024, the "Data 20" will be further deepened: data property rights separation, circulation transactions, income distribution and other systems will be gradually improved. In January 2024, the National Bureau of Data and other 17 departments jointly issued the "Data Elements x" Three-Year Action Plan (2024-2026) ("《「數據要素x」三年行動計劃(2024-2026)》"), through the deep integration and innovative application of data, activating the potential of data elements and promoting the high-quality development of the digital economy. Data bureaus and exchanges have been set up in 23 provinces and cities including Beijing, Shanghai, Zhejiang Province and Guangdong Province. The number of data exchanges in China has increased to more than 50, and the volume of data transactions has exceeded RMB300 billion. The "Guidance on Strengthening Data Asset Management" (《關於加強數據資產管理的指導意見》) issued by the Ministry of Finance aims to build a "market-led, government-guided, multi-party co-construction" data asset governance model, gradually establish and improve the data asset management system, and constantly enhance the economic and social value of data assets.

In 2024, the industry data development pilot further increased. Finance, medical care, transportation and other fields take the lead in promoting public data authorized operations, and financial institutions can obtain government data through compliance channels to optimize credit models. In October 2024, the National Development and Reform Commission, the National Data Bureau and other departments jointly issued the Guidelines for the Construction of the National Data Standard System ("《國家數據標準體系建設指南》"), marking an important step forward in the construction of the data standard system in China. In October 2024, the General Office of the CPC Central Committee and The General Office of the State Council put forward opinions on accelerating the development and utilization of public data resources, aiming to deepen the reform of data element allocation and expand the scale and quality of public data supply through a combination of government guidance and market drive.

2. *The State promotes the development of AI*

The Cyberspace Administration of China, together with the National Development and Reform Commission and other seven departments, jointly announced the Interim Measures for the Management of Generated AI Services in July 2023, vigorously promoting the development of AIGC technical specifications, and accelerating the penetration of large models in financial customer service, investment research and analysis and other scenarios.

3. *Demand for fintech continues to rise*

In 2024, driven by national policy guidance and technological innovation, China's fintech market will continue to rise in demand for IT and big data services from financial institutions as the digital transformation of the financial industry deepens, the reform of data elements accelerates, and the comprehensive upgrade of the regulatory framework.

According to iResearch's "China Fintech Industry Development Report", the size of China's fintech market will be about 2.6 trillion yuan in 2024, achieving an 18% growth rate. By 2024, China's financial institutions will continue to invest more in IT, with the total digital spending in the banking, insurance and securities industries exceeding 550 billion yuan, with banks accounting for more than 60% of the total. Focus on cloud native system transformation, instant risk control platform construction and other fields (Source: China Banking Association "Banking IT Investment White Paper" (《銀行業IT投入白皮書》), Securities Association of China annual report and head banks (ICBC, China Construction Bank, etc.) annual reports).

The Group's main business is to provide customers with localized alternative products and solutions for big data, AI and digital marketing. Under the general trend of national policy support and industry development, the Group has entered in the era and policy dividend period of the development of AI big data industry.

II. BUSINESS REVIEW FOR 2024

1. Continue to consolidate business advantages in the big data and intelligent marketing solutions market

The Group unswervingly deepens the field of financial technology, takes AI big data, marketing technology and digital transformation as its core business, focuses on the autonomous innovation and localization of IT localization and the support of industrial digital transformation, gives full play to its technical advantages in data intelligence and marketing technology, and deeply empowers customers in business scenarios such as customer analysis insight, customer base refinement management and intelligent marketing.

With mature product solutions, abundant case experience, compound talent advantages, solid customer base, and good market reputation, the Group has continued to build core competitiveness and won the trust of customers. In the field of core big data business, the Group has carried out project cooperation with a number of financial institutions such as Bank of China, Shanghai Pudong Development Bank, Bank of Ningbo, Shandong City Commercial Bank Cooperation Alliance (山東城市商業銀行合作聯盟), Bank of China International, etc. in helping customers to carry out data governance, data analysis, improving the regulatory reporting system, optimizing data asset management, and supporting data application, so as to help financial institutions to extract value from data and empower industrial digital transformation.

In June 2024, International Data Corporation IDC released the "China Banking IT Solutions Market Share Analysis Report, 2023: Test The Concentration" (《中國銀行業IT解決方案市場份額分析報告，2023：考驗定力時》). In this report, the Group once again won the first place in the IT solution intelligent marketing market of China's banking industry for 2023, demonstrating the Group's industry leading position in the field of intelligent marketing of China's banking industry, and continuing to consolidate and expand the Group's competitive advantage in the banking IT solution market segment.

2. Adjust the strategy, expand business development areas, and launch new growth drivers

In 2024, the Group carried out strategic adjustments gradually, by promoting business units restructuring, adjusting budget allocation and human support, concentrating superior resources into core businesses with more technical content, more development potential and more commercial values, to more focus on high-margin and high-tech projects.

In 2024, the Group, together with four companies including Quanzhou Big Data Operation Service Co., Ltd. (泉州大數據運營服務有限公司) ("**Quanzhou Big Data**"), Advantage Financial Holding (Shanghai) Asset Management Co., LTD. (優勢金控(上海)資產管理有限公司), Quanzhou Licheng Cultural Tourism Investment Group Co., LTD. (泉州鯉城文旅投資集團有限公司), and Beijing eGOVA Co., LTD. (北京數字政通科技股份有限公司), jointly invested RMB100 million to set up a big data industry fund. Ruihe Digital Intelligence (Fujian) Technology Industry Co., LTD. (瑞和數智(福建)科技產業有限公司) ("**Fujian Ruihe**"), a wholly-owned subsidiary of the Group, continuously deepened the cooperation of big data business in Fujian Province, and works closely with Quanzhou Big Data to expand business opportunities in project construction and operation of data element X financial sector.

3 Strengthen independent innovation and technology R&D

In 2024, the Group's R&D investment mainly focused on product upgrading and iteration directions such as basic big data platform, AI application, data management platform and intelligent marketing platform. As at 31 December 2024, the Group had obtained a total of 154 computer software works certificates and 45 invention patents. Among them, 6 new computer software work certificates and 5 new invention patents were granted during the Reporting Period. Technological R&D achievements were mainly reflected in:

(1) The technology R&D department worked closely with the project delivery departments to deeply understand the actual use scenarios of customers and effectively improve the user experience of product use;

(2) Emphasize project results which can assist product R&D through integrating multiple customer project results to upgrade products, and increase product application ability;

(3) Upgrade product functions for key customers, give priority to R & D resources to meet the core needs of customers, and improve the depth of product business capabilities. For example, our Group cooperated with a state-owned bank to jointly develop and upgrade Lingmou label portrait platform (靈眸標籤畫像平台), and support the development of customer business applications in the process of product upgrade simultaneously; and

(4) Optimize and upgrade the function modules of the company's flagship products – marketing automation, channel collaboration automation, content management, instant event marketing, etc., to improve and increase product competitiveness.

4. Build a new ecosystem of open and integrated strategic cooperation

During the Reporting Period, the Group attached great importance to cooperation with strategic ecological partners, actively participated in the layout of new ecological cooperation, cooperated with a number of domestic leading Internet institutions and enterprises, to jointly provide customers with full-stack localization of big data and intelligent marketing solutions.

In January 2024, as a member of the Financial Vanguard Alliance (金融先鋒聯盟), the Group jointly issued 17 joint solutions with 13 industry leaders such as Alibaba Cloud. Among them, the intelligent marketing joint solution released jointly with Alibaba Cloud integrates six independent product modules of our group's marketing management, instant marketing, label management, personalized recommendation, content management and SCRM to provide financial customers with an end-to-end overall solution.

In April 2024, as an ecological partner of Huawei, the Group was invited to attend the second Regional Bank Digital Intelligence Integration Innovation Seminar sponsored by Huawei, and gathered with over 30 regional banks and industry experts from across the country to discuss big data and AI big model and other technologies together, so as to continuously empower regional banks' digital intelligence transformation.

III. FINANCIAL REVIEW

1 Revenue

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue		
– Data solutions	**147,996**	167,015
– Sales of hardware and software and related services as an integrated service	**99,057**	144,653
– Information technology (IT) maintenance and support services	**5,949**	17,025
– Trading of commodities	**124,841**	39,252
	377,843	367,945

Revenue for the Reporting Period amounted to approximately RMB377,843,000, representing an increase of approximately 2.7% or approximately RMB9,898,000 as compared with that of 2023. During the Reporting Period, the Group strategically adjusted its business structure and there were mainly the following changes in the composition of revenue: (1) the proportion of the Group's data solutions business to the Group's overall revenue decreased from 45.4% to 39.2%, which represented a decrease of approximately 11.4% or approximately RMB19,019,000 as compared with that of the previous year; (2) the proportion of trading of commodities business to the Group's overall revenue for the Reporting Period increased from 10.7% to 33.0%, representing an increase of approximately 218.1% or approximately RMB85,589,000 in revenue from commodities trading business during the Reporting Period as compared to 2023; and (3) the proportion of the sales of hardware and software and related services as an integrated service to the Group's overall revenue decreased from 39.3% to 26.2%, representing a decrease of approximately 31.5% or approximately RMB45,596,000 in revenue from trading of commodities business during the Reporting Period as compared to 2023.

2 Gross profit and gross profit margin

Gross profit for the Reporting Period was approximately RMB38,075,000, representing a decrease of approximately 19.2% as compared with that in 2023. Gross profit margin for the Reporting Period was approximately 10.1%, representing a decrease of approximately 2.7% as compared with that in 2023 (2023: approximately 12.8%). The decrease in gross profit and gross profit margin was mainly attributable to the adjustment of operating revenue structure in 2024, which resulted in an increase in the proportion of trading of commodities with lower gross profit.

3 Selling expenses

During the Reporting Period, our selling expenses amounted to approximately RMB8,387,000, representing a decrease of approximately 57.2% or approximately RMB11,197,000 as compared with that of 2023, accounting for approximately 2.2% of our revenue for the year (2023: approximately 5.3%). The decrease in selling expenses was mainly attributable to: (1) optimization of the sales and pre-sales team, resulting in a decrease of approximately 56% or approximately RMB7,564,000 in relevant labor costs as compared with that of 2023; and (2) promotional expenses decreased by approximately 81.8% or approximately RMB1,640,000 as compared with 2023.

4 Research and development expenses

During the Reporting Period, our R&D expenditure amounted to approximately RMB 31,073,000, which was lower than that in 2023 by approximately 6.5% or approximately RMB2,165,000, representing approximately 8.2% of our revenue during the Reporting Period (2023: approximately 9.0%). The main reasons for the decrease in R&D expenditures were: (1) depreciation and amortization were lower than that in 2023 by approximately 29.5% or approximately RMB 3,648,000; and (2) technical service fee increased by approximately RMB1,452,000 compared with 2023, offsetting some of the reduction.

5 Administrative expenses

During the Reporting Period, we recorded administrative expenses of approximately RMB53,553,000, representing a decrease of approximately 3.7% or approximately RMB2,044,000 as compared with 2023. The decrease in administrative expenses was mainly due to: (1) optimization of the administrative team, resulting in a reduction of related manpower cost by approximately 2.7% or approximately RMB742,000 compared with 2023; and (2) other expenses decreased by approximately 53.1% or approximately RMB1,316,000 compared with 2023.

6 Income tax expenses

During the Reporting Period, we recorded income tax credit of approximately RMB372,000 (2023: income tax credits of approximately RMB2,170,000). The primary cause of the change is the change from the excess provision of the previous year to insufficient provision.

7 Net loss for the year

Net loss for the Reporting Period amounted to approximately RMB74,044,000, representing a decrease of approximately 32.1% as compared with 2023 (2023: net loss of approximately RMB109,009,000). The year-on-year decrease in loss was mainly attributable to the reduction in various costs as a result of a series of operational optimization measures taken by the Group:

(1) Selling expenses for the Reporting Period decreased by approximately RMB11,197,000 to approximately RMB8,387,000, representing a decrease of approximately 57.2% as compared with that of 2023;

(2) By strengthening the management of operating projects and accelerating the recovery of trade receivables, the expected credit losses on financial assets and contract assets for the Reporting Period decreased by approximately RMB24,600,000 to approximately RMB2,669,000, representing a decrease of approximately 90.2% as compared with 2023; and

(3) Administrative expenses for the Reporting Period decreased by approximately 3.7% as compared with 2023, decreased by approximately RMB2,044,000 to approximately RMB53,553,000.

8 Loss for the year attributable to owners of our Company

For the Reporting Period, loss for the year attributable to owners of our Company was approximately RMB74,998,000 (2023: loss attributable to owners of our Company of approximately RMB109,233,000). Such change was mainly due to the decrease in the net loss for the Reporting Period as mentioned above.

9 Loss per share

Basic and diluted loss per share of the Company for the Reporting Period amounted to approximately RMB11.4 cents. Basic and diluted loss per share for 2023 amounted to approximately RMB18.8 cents.

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	**(16,616)**	(38,369)
Net cash inflow/(outflow) from investing activities	**(7,413)**	(8,740)
Net cash inflow/(outflow) from financing activities	**(73,744)**	147,646

The balance of our Group's cash and cash equivalents as at 31 December 2024 was approximately RMB16,399,000, representing a decrease of approximately RMB96,858,000 as compared with the balance of cash and cash equivalents as at 31 December 2023.

A Operating activities

The net cash used in operating activities of the Group during the Reporting Period amounted to approximately RMB16,616,000 , representing a decrease of approximately RMB21,753,000 as compared with the amount of net cash used in operating activities in 2023, mainly due to the improvement of debt collection and optimization of labour costs during the Reporting Period.

B Investing activities

The net cash outflow from the Group's investment activities during the Reporting Period was approximately RMB7,413,000, which is approximately RMB1,327,000 less than the net cash outflow from the investment activities in 2023, mainly due to: (1) the purchase of intangible assets decreased by approximately 69.4% (2023: RMB 15,068,000), a decrease of RMB10,458,000; (2) net cash inflow from investment activities of approximately RMB6,130,000 resulting from the repayment of advances to associates in 2023, which was not received during the Reporting Period; and (3) the disposal of associated companies generated a net cash inflow of approximately RMB2,448,000 in 2023, for which no cash inflow was obtained during the Reporting Period.

C Financing activities

The Group's net outflow of financial active cash during the Reporting Period was approximately RMB73,744,000 (in 2023, net inflow of financial active cash was RMB147,646,000). The increase in net cash outflow from financing activities is mainly attributable to: (1) the net proceeds from the issuance of shares of the Group in 2023 were approximately RMB131,163,000, and no shares were issued by the Group during the Reporting Period; (2) the addition of bank borrowings of approximately RMB26,222,000, offset by the repayment of bank borrowings of approximately RMB71,450,000, resulted in a net cash outflow of approximately RMB45,228,000 during the Reporting Period. This represents an increase in cash outflow from bank borrowings of approximately RMB46,362,000 compared to the net cash generated from bank borrowings of approximately RMB1,134,000 in 2023; (3) the net cash outflow from repaying other borrowings amounted to approximately RMB112,464,000, representing an increase of approximately RMB56,931,000 compared to the RMB55,533,000 recorded in 2023. Meanwhile, the net cash inflow from other borrowings was approximately RMB90,160,000, reflecting a decrease of approximately RMB38,840,000 from the RMB129,000,000 recorded in 2023. These changes result a significant increase in net cash outflow of approximately RMB95,771,000 related to other borrowings during the Reporting Period; and (4) offset by the net cash inflow from advances from directors of approximately RMB10,518,000 (2023: net cash outflow of approximately RMB20,263,000), representing an increase of approximately RMB30,781,000 compared to 2023.

D Capital expenditure

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

11 Capital structure

Bank and other borrowings

As at 31 December 2024, our short-term bank borrowings were approximately RMB29,500,000, other borrowings were approximately RMB79,160,000.

Debt securities

As at 31 December 2024, the Group did not have any debt securities.

Contingent liabilities

Save as disclosed in note 13 to this annual report, the Group no other contingent liabilities as at 31 December 2024.

Treasury policy

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

Gearing ratio

The gearing ratio of our Group as at 31 December 2024 was approximately 277.9% (2023: approximately 150.2%). The increase in gearing ratio was mainly due to a decrease in total equity of approximately RMB74,426,000 as compared with 2023. The gearing ratio is calculated by dividing the sum of bank and other borrowings and amounts due to Directors by our total equity as at the end of the Reporting Period.

12 Pledge of assets

As at 31 December 2024, our Group's bank borrowings were secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB9,500,000 as at 31 December 2024 (2023: RMB5,000,000);

(ii) pledged bank deposits of approximately RMB329,000 held at bank as at 31 December 2024 (2023: approximately RMB1,005,000);

(iii) trade receivables outstanding from certain specific customers of the Group of approximately RMB22,501,000 as at 31 December 2024 (2023: approximately RMB12,795,000); and

(iv) personal guarantee of legal representatives of two subsidiaries (2023: Mr. Xue Shouguang, Mr Chen Zhenping, and a legal representative of a subsidiary).

As at 31 December 2024, the Group's other borrowings are secured by:

(i) certain equipment of the Group of approximately RMB Nil as at 31 December 2024 (2023: approximately RMB7,815,000); and

(ii) other deposits of the Group of RMB Nil as at 31 December 2024 (2023: RMB1,000,000).

13 Capital commitments

As at 31 December 2024, our Group had no capital commitments.

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

During the Reporting Period, the Group did not hold any significant investment, or had any acquisitions and disposals of subsidiaries, associated companies and joint ventures.

15 Foreign exchange risk

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

16 Future plans for material investments or capital assets

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

IV. OUTLOOK FOR 2025

We expect the development of China's fintech market in 2025 to achieve a paradigm upgrade from scale expansion to value creation.

It is expected that the scale of China's fintech market will continue to grow steadily. According to IDC and iResearch consulting model estimates, in 2025, China's financial technology market will reach RMB3.1-3.3 trillion representing a slight increase from the growth rate in 2024 (18%), mainly benefiting from the increase from financial sector of banks, technology departments of insurance companies, cross-border payment and other segments.

The technical trend of future fintech is from single point application to system level refactoring. For example, AI applications are entering the scale stage. According to IDC's China AI Financial Application Market Forecast Report (2025), the replacement rate of AI customer service will exceed 85% in 2025 (65% in 2024). The focus of competition has shifted to "decision-making AI", for example, according to WeBank's 2024 interim results conference, its AI anti-fraud model accuracy rate has reached 99.3%.

Management Discussion and Analysis

The market opportunities brought about by changes in technology trends will provide greater space for the Group's future development.

1. **Continue to deepen the data intelligence and marketing technology field, and maintain the leading edge of the subdivision**

   In the future, the Group will continue to base on financial customers, optimize customer structure, and carry out business in the national market, continue to deepen the cooperative relationship and deep foundation with major customers and regular customers, and do broad and deep in the head financial institutions; continue to improve product quality and solution service capabilities to enhance customer satisfaction, further expand market influence, maintain the renewal rate of major customers and the expansion of new customers, and continue to improve the breadth and depth of empowering financial digital transformation for more types of institutions and business scenarios.

   At the same time, the Group will continue to focus on the field of data intelligence and marketing technology, give full play to the end-to-end data capabilities, the Company's composite data talent advantages, combined with the abundant experience accumulated from serving head banks for many years, to provide customers with more mature, stable and forward-looking products and service solutions.

2. **Continue to expand new strategic tracks and develop "second curve" of revenue growth**

   The Group is expected to actively innovate cooperation models through various forms such as business integration, mergers and acquisitions to expand new business areas. Our Group will also accelerate the layout in the fields of data elements, inclusion of data assets into financial statements, AI big data, and localization of IT application innovation industry. The Group's wholly-owned subsidiary Fujian Ruihe will continue to promote the project of data factor X financial sector, and rely on the big data analysis technology accumulated by the Group for many years, deeply integrate public data and social data, achieve income generated from markets, and empower different industries. The Group will also focus on the application of data value, help government affairs and people's livelihood services through big data technology, and further accumulate government data business experience and expand market share while improving the services quality for the people.

3. **Adhere to technological innovation to maintain competitive advantage**

   In 2025, the Group will give full play to its exemplary role in autonomous intellectual property rights, persevere in tackling core technologies, adhere to autonomous innovation, and maintain our leading technical capabilities in the field of data intelligence and marketing technology. We will mainly focus on these areas: continuous upgrading of key products to improve user experience; concentrate resources to improve products quality and enhance core products competitiveness; actively embrace the AI large model; study AI agent fusion technology, and actively explore AI landing application scenarios; pay attention to customer business application scenarios, choose the opportunity to develop "small and beautiful" and innovative new products or new tools, and complement the existing business to meet more application scenarios of customers.

Directors, Senior Management and Company Secretary

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

Executive Directors

Mr. Xue Shouguang (薛守光), aged 54, has been appointed as our Chairman of the Board, an executive Director and our Chief Executive Officer since 18 July 2023. Mr. Xue is also a chairman of the Nomination Committee. He obtained a certificate of completion of the Training Class for Chairmen of Leading Enterprises and Groups (領跑企業與集團董事長研修班) from the Graduate School at Shenzhen, Tsinghua University (清華大學深圳研究生院) in October 2014, and a certificate of senior management education (高層管理教育證書) from Cheung Kong Graduate School of Business (長江商學院) in March 2018, majoring in executive management (總裁高級管理).

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

Mr. Sun Dexin (孫得鑫), aged 37, has been appointed as our executive Director since 4 March 2025. He obtained a Master of Business Administration in Financial Management from Cheung Kong Graduate School of Business in October 2024. He passed Licensing Examination for Securities and Futures Intermediaries of the Hong Kong Securities and Investment Institute and obtained Hong Kong Securities and Investment Institute Practicing Certificate (Assets Management) in 2017. He also received a practicing certificate from Asset Management Association of China in the same year.

Mr. Sun Dexin has more than 10 years of experience in investment and enterprise management. Since March 2015, he has served as the executive president of Shenzhen Zhongtian Hongxin Private Equity Investment Fund Management Co., Ltd.(深圳中天宏信私募股權基金管理有限公司). Since August 2022, Mr. Sun Dexin has been the actual controller of Theia Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. From October 2017 to August 2018, Mr. Sun Dexin served as an independent non-executive director of Century Energy International Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8132). Since March 2023, Mr. Sun Dexin has been an executive director of CT Vision S.L. (International) Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 994).

Directors, Senior Management and Company Secretary

Mr. Xue Xindi (薛鑫頔), aged 28, has been appointed as our executive Director since 1 April 2025. He obtained a Bachelor of Science degree from the University of Manchester in June 2020, majoring in Management (Accounting and Finance), and further obtained a certificate of completion of the next generation global leading innovators program (接力長江) from Cheung Kong Graduate School of Business in June 2022.

Mr. Xue Xindi has extensive experience in investment in biomedical, integrated circuit and new energy industries. He has been the general manager of Hainan Wanshengyi Investment Holdings Group Co., Ltd.* (海南萬盛意投資控股集團有限公司) since April 2022, the executive partner of Xiamen Wanshengyi No.1 Venture Capital Fund Partnership (L.P.)* (廈門萬盛意壹號創業投資基金合夥企業(有限合夥)) and the vice president of Advantage Capital Industrial Investment Center (優勢資本產業投資中心) since January 2024. He has also been the chairman of Shanxi Ruixin Investment Co., Ltd.* (山西瑞鑫投資有限公司) since December 2021.

Mr. Xue Xindi is the son of Mr. Xue Shouguang, an executive Director, the chairman of the Board and the chief executive officer of the Company.

Non-executive Directors

Dr. Wu Fu-Shea (吳輔世), aged 66, is our non-executive Director. He has been appointed as an executive Director on 10 September 2021 and re-designated as our non-executive Director on 4 November 2022. He resigned as chief executive officer and was appointed as the Chairman of our Board on the same day and later resigned as the Chairman of our Board on 18 July 2023. He holds a Master of Business Administration degree of Tulane University, the United States and a Ph.D. degree in management from Nankai University. From 10 September 2019 to 12 December 2019, Dr. Wu served as the chief advisor of Suoxinda Shenzhen Data Technology Co., Ltd. (深圳索信達數據技術有限公司) ("**Suoxinda Shenzhen**") and was appointed as the general manager of Suoxinda Shenzhen on 13 December 2019. Dr. Wu also served as our chief executive office from 26 March 2020 to 4 November 2022.

With the working experience in the PRC big data solutions industry for over 21 years, Dr. Wu Fu-Shea served as the head of the Greater China region for three globally leading scientific and technological companies in this professional field, and has profound insights into the development of big data and AI in the Chinese market. Before joining our Group in September 2019, Dr. Wu Fu-Shea 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.

* *For identification purposes only*

Directors, Senior Management and Company Secretary

Mr. Wu Xiaohua (吳曉華), aged 51, is our non-executive Director. He joined our Group in May 2006 as the general manager and was appointed as a director, the chief financial officer and the deputy general manager of our Group in December 2015. He was the Chief Executive Officer of the Company until 26 March 2020 and an Executive Director of the Company until 18 July 2023. He obtained a bachelor's degree in production automation from Shenzhen University (深圳大學) in June 1995.

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

Mr. Fei Xiang (費翔), aged 45, was appointed as our independent non-executive Director on 18 July 2023, re-designated as an executive Director on 8 January 2024 and then as a non-executive Director on 4 March 2025. He is also a member of the Remuneration Committee. He obtained a Master of Business Administration for Senior Management degree (高級管理人員工商管理碩士學位) from the same university in July 2013. He has been pursuing a doctorate degree in management science and engineering at Nanjing University of Science and Technology (南京理工大學) since September 2014, majoring in management science and engineering. Mr. Fei obtained the qualification certificate of senior economist in October 2013 from the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳).

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

Directors, Senior Management and Company Secretary

Independent Non-executive Directors

Dr. Tian Yu (田宇), aged 60, was appointed as an independent non-executive Director on 14 March 2024. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. He was a postdoctoral researcher in the field of business administration at Sun Yatsen University from October 2001 to July 2004. He received his doctoral degree from Zhongnan University of Economics and Law in June 2001, majoring in National Economics. He received his master's degree in Business Administration from Zhongnan University of Economics in June 1998. He has participated in the CEO program at Cheung Kong Graduate School of Business, the CEO program at Shanghai International Finance Institute, the CEO program at China Europe International Business School and the CEO program at Centennial Union Medical and Health Industry.

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

Mr. Wei Junheng (魏俊恒), aged 50, was appointed as an independent non-executive Director since 4 March 2025. He is also a chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee. He obtained a bachelor's degree in finance from Xinyang Normal University (信陽師範大學) in July 2012. In January 2003 and November 2007, Mr. Wei Junheng obtained the certificate of futures qualification from China Futures Association and the certificate of securities qualification from the Securities Association of China, respectively.

Mr. Wei Junheng has over 20 years of management experience in the financial industry. From August 2003 to June 2021, Mr. Wei Junheng served several senior management positions, such as the general manager of the Wuhan branch and the deputy general manager of the Shenzhen branch of Everbright Securities Company Limited, where he was responsible for overall business management and financial management. During his tenure, Mr. Wei Junheng was awarded the honours of Leader of the Year (年度最佳領袖) and Outstanding General Manager (優秀總經理). Since June 2021, Mr. Wei Junheng has been the vice chairman of Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司), where he has been responsible for the financing and listing related work.

Directors, Senior Management and Company Secretary

Ms. Chu Jijun (褚繼君), aged 35, was appointed as an independent non-executive Director since 14 March 2025. She is also the member of each of the Audit Committee and Nomination Committee. She obtained a bachelor's degree in management from Nanchang University (南昌大學) in July 2012 and a master's degree in accounting from Dongbei University of Finance and Economics (東北財經大學) in June 2014. Ms. Chu Jijun was qualified as a certified public accountant in the People's Republic of China in 2022 and has been a non-practicing member of the Chinese Institute of Certified Public Accountants since February 2023.

Ms. Chu Jijun has over 10 years of experience in auditing and strategic finance. From January 2023 to March 2025, Ms. Chu Jijun served as the strategic finance expert of China Resources Beer (Holdings) Company Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 291). From May 2021 to November 2022, she served as the project management professional of BU Finance at Mulin Enterprise Management Services (Beijing) Co., Ltd.* (睦鄰企業管理服務(北京)有限公司). Prior to that, from September 2014 to May 2021, Ms. Chu Jijun worked as an auditor at Beijing Branch of Mazars Consulting Shanghai) Co., Ltd.* (瑪澤諮詢(上海)有限公司).

Senior Management

Ms. Zhang Fengwei (張鳳偉), aged 47, is the vice president and secretary of the Board of the Group. She joined the Group as secretary of the Board in November 2023 and was later appointed as the vice president of the Group in January 2024. She graduated from Saxion Hogeschool in May 2002 with a bachelor's degree in marketing management and from University of Portsmouth in June 2004 with a master's degree in finance. She obtained the Chartered Financial Analyst qualification in July 2008.

She has 20 years of experience in investment financing and investor relations. Prior to joining the Group, she (i) worked as an assistant investor relations manager in Towngas China Investment Company Limited from June 2004 to July 2007; (ii) worked as a senior manager of investor relations in Shenzhen Maoye Commercial City Company Limited from November 2011 to January 2015; (iii) secretary of the board of Shenyang Commercial City Company Limited from January 2015 to August 2016; (iv) director of investor relations of A8 New Media Group Limited from September 2016 to November 2019; and (v) secretary of the board of Shenzhen Delta Industrial Intelligent Electric Vehicle Co.* (深圳市德塔工業智能電動汽車有限公司) from January 2021 to September 2024.

Ms. Liu Qin (柳琴), aged 38, is the director of our Group's Business & Legal Department. She joined the Group in July 2011 as the manager of the human resources administration department, in December 2017 as the manager of the commercial department, in December 2020 as the director of the commercial legal department, and thereafter from November 2022 to June 2024 as director of the digital ITS business unit. She was awarded a certificate of completion of the Self-Study Examination in Higher Education in Human Resources Management by the Guangdong Higher Education Self-Study Examination Committee and South China University of Technology in December 2020.

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

Directors, Senior Management and Company Secretary

Mr. Liu Jinrong (劉金榮), aged 42, is vice president of the Group. He joined the Group on 31 May 2024 . He graduated from Nanjing Agricultural University in July 2005 majoring in human resources management and obtained a bachelor's degree in management. He obtained the certificate of senior human resources manager in 2013 and the certificate of intermediate economist in 2018.

He has over 19 years of working experience in human resources management. Prior to joining the Group, he worked in COFCO Coca-Cola Beverages Xinjiang Co., Ltd. (中糧可口可樂飲料新疆有限公司) from July 2008 to November 2010 as a recruitment and employee relations supervisor and a compensation and benefits supervisor; in China Construction Real Estate Xinjiang Co. Ltd. (中建地產新疆有限公司) from August 2013 to May 2019 as manager and assistant general manager of the integrated department; from July 2019 to April 2020 as director of human resources and administration of Xinjiang Hongfa Investment Group (新疆宏發投資集團); from April 2020 to July 2023 as deputy general manager of the human resources center of the real estate group, deputy general manager of the innovative development business department and director of the integrated management department of the pharmaceutical and glass industry group of Dongxu Group (東旭集團); and from November 2023 to April 2024 as director of the integrated management department of Shenzhen Huako Yuken Group. Ltd. (深圳華科育成科技開發有限公司) from November 2023 to April 2024 as Human Resources Director and General Management Director.

Mr. Gao Quan, **(高泉)**, aged 38, he is the Director of Operations Management of the Group and joined the Group on 5 September 2023. He graduated from Jiangxi Normal University in July 2010 with a Bachelor's degree in Financial management. He has obtained the International Certified Management Accountant Certificate since 2019.

He has over 14 years of professional experience in finance. Prior to joining the Group, he worked as a financial accountant in Chow Tai Fook Jewellery Company Limited (周大福珠寶有限公司) from August 2010 to August 2012; From March 2014 to February 2016, he served as the accounting supervisor in Shenzhen Alweijia Clothing Co., LTD. (深圳市艾維嘉服飾有限公司). From April 2016 to December 2019, he served as financial Manager of Diah Stock. Co., LTD. (迪阿股份有限公司). From February 2020 to February 2023, he worked as a financial manager at Shenzhen Qixing Medical Technology Co., LTD. (深圳企杏醫療科技有限公司).

Mr. ZHANG Honglin (張鴻林), aged 55, is the director of the business division of the Group. He joined the Group on 25 June 2023 and graduated in June 1999 from the Jiangsu Provincial Party Committee School Cadre Correspondence College, majoring in economics and management.

He has over 20 years of working experience in product sales in the financial industry. Prior to joining the Group, he worked in Zhenjiang Jinhe Paper Company Limited (鎮江金河紙業有限公司) as the deputy manager of the marketing department and the general manager of Jinrun Pulp and Paper Operation Department in Jingkou District from 1989 to 2004; Hengbao Company Limited (恒寶股份有限公司) as the general manager of the security products business department from 2004 to 2010; Beijing Daming Wuzhou Science and Technology Company Limited (北京大明五洲科技有限公司) as the deputy general manager from 2010 to 2014; Beijing Huada Leading Technology Company Limited (北京華大領創科技有限公司) as the deputy general manager from 2014 to 2017; deputy general manager at Beijing Datang Smart Card Technology Company Limited (北京大唐智能卡技術有限公司) from 2017 to 2019; Vice General Manager and General Manager of the Financial Industry Department of Cloud Technology Group Co,. Limited (雲從科技集團股份有限公司); from 2019 to 2021 as Deputy Sales Director of Beijing Hai Zhi Xing Tu Technology Co. (北京海致星圖科技有限公司).

Mr. FU Zhigang (付志剛), aged 46, is the director of the business division of the Group. He joined the Group on 1 May 2021 and graduated from Wuhan Chemical Industry College in June 2002 with a bachelor's degree in mechanical and electrical integration. He graduated from Wuhan Institute of Chemical Technology in June 2002 with a Bachelor's Degree majoring in Mechanics.

He has over 21 years of working experience in banking industry solutions. Prior to joining the Group, he worked as a key account manager in Beijing Advanced Digital Information Technology Company Limited (北京先進數通信息技術有限公司) from February 2003 to December 2009; as a key account executive in Digital China Rongxin Software Company Limited (神州數碼融信軟體股份有限公司) from December 2009 to December 2013; as a sales director in Tianyang Hongye Technology Company Limited (天陽宏業科技股份有限公司) from January 2014 to May 2018; as a sales director in Tianyang Hongye Technology Company Limited from May 2018 to May 2021; as a sales director in Tianyang Hongye Technology Co. Ltd. from January 2014 to May 2018, and from May 2018 to April 2021, he was the sales director of Chongqing Zhongke Yunzhong Technology Co. (重慶中科雲從科技有限公司).

Mr. Liu Qingyuan (劉清源), aged 47, is the project director of the Group. He joined the Group on 13 September 2021 and graduated from China Medical University in July 2004, majoring in medicine (information technology). He graduated from China Medical University in July 2004 majoring in medical (information) science. He graduated from Tongji University in July 2009, majoring in software engineering and obtained a master's degree. He has obtained the certificate of Information System Project Manager since 2014.

He has over 16 years of working experience in project management. Prior to joining the Group, he worked as a project manager/product manager in AMDOCS-LONGSHINE (Xiamen) from August 2004 to June 2008, and as a project director in Govinda Software Co. (高偉達軟件股份有限公司) from June 2008 to September 2021.

Directors, Senior Management and Company Secretary

Mr. Liu Nianjun (劉念軍), aged 49, is the project director of the Group. He joined the Group on 11 January 2021 and graduated from Xi'an University of Electronic Science and Technology in July 1997 with a bachelor's degree in engineering. He graduated from Xi'an University of Electronic Science and Technology in July 1997 with a bachelor's degree in engineering, majoring in computer software. He has obtained the certificate of ACP Cloud Computing from Aliyun since 2020 and the certificate of Information System Project Manager since 2011.

He has over 20 years of working experience in project management. Prior to joining the Group, he worked as a software engineer from July 1997 to August 1998 in Huaxu Gold Card Company Limited (華旭金卡有限公司), an institute of the Ministry of Electronics Industry Ltd. from July 1997 to August 1998; Motorola (China) Electronics Co., Ltd. (摩托羅拉(中國)電子有限公司) from August 1998 to October 2002; Samsung Data Systems (China) Co., Ltd. from November 2002 to October 2016 as a project manager and system architect; and Guo Ruixinke Technology (Beijing) Co; Ltd. from Nov. 2016 to Aug. 2019 as Senior Project Manager; and from Aug. 2019 to Jan. 2021 as Delivery Manager at Accenture (China) Co.

Mr. Liang Dexing (梁德興), aged 37, is the project director of the Group. He graduated from North China University of Science and Technology in July 2009 with a bachelor's degree in management, majoring in information management and information system.

He has over 16 years of working experience in IT technology. Prior to joining the Group, he worked as a wireless network optimization engineer in Beijing Messenger Online Technology Development Company Limited (北京訊息線上科技發展有限公司) from March 2009 to September 2012; as an implementation engineer in Beijing Minxun Technology Company Limited (北京敏訊科技有限公司) from April 2013 to October 2013; as a system engineer in Beijing Kellett Technology Company Limited from February 2014 to July 2016; as a system engineer in Beijing Kellett Technology Company Limited from July 2016 to 2023; as a system engineer in Beijing Kellett Technology Co. Ltd. (北京柯萊特科技有限公司) from April 2013 to October 2013 System Engineer at Beijing Colette Technology Co. 天睿信科技術(北京)有限公司.

Company Secretary

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

Directors' Report

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The Group's business review for the Reporting Period, using financial key performance indicators, and prospects are set out in the section headed "Management Discussion and Analysis" on pages 8 to 20 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 204 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The discussion on the Group's environmental policies and performance, the Group's key relationship with employees, customers, suppliers and other stakeholders, and the Group's compliance with the relevant laws and regulations that have significant impact on the Group, can be found in the Environmental, Social and Governance Report set out on pages 76 to 94 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 for significant amounts that expose its revenues to uncertainty and potential volatility.

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

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

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

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

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

SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries of the Company are set out in note 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 Islands Companies Act Chapter 22 (Law no. 3 of 1961, as consolidated and amended) (the "**Cayman Companies Laws**") and the articles of associations of the Company (the "**Articles of Association**"), the Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by the Board. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) the Articles of Association, which require any final dividends to be approved by the Shareholders at a general meeting, and (ii) the Cayman Companies Laws, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business. Under applicable PRC laws, each of the subsidiaries of the Group in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

Directors' Report

SHARE CAPITAL AND SHARES ISSUED

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

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

DEBENTURES ISSUED

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

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out on in the "Consolidated Statement of Changes in Equity" of this annual report and in note 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's distributable reserves amounted to approximately RMB806,000 under the Cayman Companies Laws.

EQUITY LINKED AGREEMENTS

Save as disclosed in sections headed "Equity Incentive Plan" and "Share Capital and Share Issued" of this annual report and note 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 2024 are set out in note 29 to the consolidated financial statements.

DONATIONS

During the Reporting Period, the Group has no donation.

PRE-EMPTIVE RIGHT

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As of 31 December 2024, there were no treasury shares (as defined in the Listing Rules) held by the Company.

Directors' Report

DIRECTORS

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

Executive Directors

Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer)*
Mr. Sun Dexin *(Appointed on 4 March 2025)*
Mr. Xue Xindi *(Appointed on 1 April 2025)*
Ms. Zhao Yiqing *(Resigned on 1 April 2025)*
Mr. Shi Banchao *(Resigned on 8 January 2024)*

Non-Executive Directors

Dr. Wu Fu-Shea
Mr. Wu Xiaohua
Mr. Chen Zhenping *(Resigned on 4 March 2025)*
Mr. Fei Xiang *(Re-designated from an independent non-executive Director to an executive Director on 8 January 2024, re-designated from an executive Director to a non-executive Director on 4 March 2025)*

Independent Non-Executive Directors

Dr. Tian Yu *(Appointed on 14 March 2024)*
Mr. Wei Junheng *(Appointed on 4 March 2025)*
Ms. Chu Jijun *(Appointed on 14 March 2025)*
Mr. Yang Haifeng *(Resigned on 4 March 2025)*
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*
Ms. Dan Xi *(Resigned on 14 March 2024)*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

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

PERMITTED INDEMNITY PROVISIONS

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

DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered a service contract with the Company for a term of three years. The terms of service contracts for Mr. Xue Shouguang, Mr. Sun Dexin and Mr. Xue Xindi (the executive Directors) commenced on 18 July 2023, 4 March 2025 and 1 April 2025, respectively. The terms of service contracts for Dr. Wu Fu-Shea, Mr. Wu Xiaohua and Mr. Fei Xiang (the non-executive Directors) commenced on 4 November 2022, 18 July 2023 and 4 March 2025, respectively. The aforesaid service contracts may be terminated by either party giving not less than three months' prior notice in writing to the other party.

The independent non-executive Directors have each entered a letter of appointment with the Company for a period of one year, which is renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of appointment, and terminable by either party giving not less than three months' prior notice in writing to the other party. The current terms of the letters of appointment for Mr. Wei Junheng and Ms. Chu Jijun commenced on 4 March 2025 and 14 March 2025, respectively. The terms of the letter of appointment for Dr. Tian Yu commenced on 14 March 2024.

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

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

Details of the remunerations and pension costs/retirement benefits of the Directors and the five highest paid individuals are set out in notes 34 and 8 to the consolidated financial statements.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

CONTROLLING SHAREHOLDERS' CONTRACTS OF SIGNIFICANCE

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

POTENTIAL CONFLICT OF INTERESTS WITH CONTROLLING SHAREHOLDERS

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

MANAGEMENT CONTRACTS

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

REMUNERATION POLICY AND EMPLOYMENT BENEFITS

The Group had 226 employees altogether in the PRC and Hong Kong as at 31 December 2024. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC.

The Directors and senior management of the Group receive compensation in the form of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules, and regulations. The primary goal of the remuneration policy regarding the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Details of the remuneration of the Directors are set out in note 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, organized and administered by the relevant governmental authorities for employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations. The Group does not forfeit any contributions on behalf of its employees who leave these plans prior to full vesting. Accordingly, there was no forfeited contribution available for the Group to reduce the existing level of contributions. Details of the retirement benefits provided by the Group to employees are set out in note 2.24 the consolidated financial statements. Save as the aforesaid, the Group did not participate in any other pension schemes during the Reporting Period.

EQUITY INCENTIVE PLAN

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

Share Option Scheme

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

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

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

As at 1 January 2024 and 31 December 2024, the number of options available for grant under the scheme mandate was 38,948,495 and 39,370,621, respectively.

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

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

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

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

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 8 June 2020. As at date of this annual report, the remaining life of the Share Option Scheme was approximately five years and one month.

As at the date of this annual report, the total number of shares available for issue upon the exercise of the options to be granted under the Share Option Scheme was 39,370,621, representing approximately 6.0% of the total issued shares as at the date of this annual report.

Further details of the Share Option Scheme are set out in circular of the Company dated 28 April 2020 and note 38 to the consolidated financial statements.

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

Name or category of grantee	Date of Grant	Vesting Schedule	Exercise Period	Exercise Price per Share Option (HK$)	Outstanding as at 1 January 2024	Granted during the year	Closing price of the shares immediately before the date on which the options were granted (HK$)	Fair value per share option at the date of grant (HK$)	Exercised during the year	Weighted average closing price of the shares immediately before the dates on which the options were exercised (HK$)	Lapsed/ forfeited during the year	Cancelled during the year	Outstanding as at 31 December 2024
Other grantees – Employees													
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024; and after 31 March 2025, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	6.33 (Note1)	70,000	-	6.27	3.28	-	-	-	-	70,000
In aggregate	28 December 2021	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	6.33 (Note1)	42,000	-	6.27	3.28	-	-	21,000	-	21,000
In aggregate	8 April 2022	25% of the share options granted shall vest on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and after 31 March 2026, respectively	Subject to the vesting dates, from 8 April 2022 to 7 June 2030	5.38 (Note2)	793,413	-	5.21	2.84	-	-	255,034	-	538,379
Sub-total					894,413	-			-		276,034	-	629,379

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

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

Details of the fair value of the options at the date of grant and the accounting standard and policy adopted are set out in note 38 to the consolidated financial statements.

Share Award Scheme

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

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

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

As at 1 January 2024 and 31 December 2024, the number of Restricted Shares available for grant under the scheme mandate were both 13,289,099.

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

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

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

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

As at the date of this annual report,, the remaining life of the Share Award Scheme was approximately five years and one month.

Further details of the Share Award Scheme are set out in circular of the Company dated 28 April 2020 and note 38 to the consolidated financial statements.

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

Name or category of share grantee	Date of grant	Vesting Schedule	Purchase price of share awards (HK$)	Unvested as at 1 January 2024	Granted during the year	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Vested during the year	Weighted average closing price of the shares immediately before the vesting date (HK$)	Lapsed/ forfeited during the year	Cancelled during the year	Unvested as at 31 December 2024
To be satisfied by new shares issued/ to be issued												
Other grantees – Employees												
In aggregate	28 December 2021	25% of the Restricted be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	–	400,740	–	6.27	6.33	134,844	0.8	183,239	–	82,657
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	–	9,000	–	6.27	6.33	–	–	9,000	–	–
In aggregate	28 December 2021	30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2022 30% of the Restricted Share granted shall be vested on the first trading day after 31 March 2023 40% of the Restricted Share granted shall be vested on the first trading day after 31 March 2024	–	144,000	–	6.27	6.33	62,000	0.8	82,000	–	–
In aggregate	28 December 2021	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025, respectively	–	70,000	–	6.27	6.33	35,000	0.8	–	–	35,000

Directors' Report

Name or category of share grantee	Date of grant	Vesting Schedule	Purchase price of share awards (HK$)	Unvested as at 1 January 2024	Granted during the year	Closing price per share immediately before the date of grant (HK$)	Fair value per share of awards as at the date of grant (HK$)	Vested during the year	Weighted average closing price of the shares immediately before the vesting date (HK$)	Lapsed/ forfeited during the year	Cancelled during the year	Unvested as at 31 December 2024
In aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	-	317,326	-	5.21	5.38	68,025	0.8	173,233	-	76,068
Sub-total				941,066	-			299,869	-	447,472	-	193,725
To be satisfied by existing shares												
Other grantees (employees) in aggregate	8 April 2022	25% of the Restricted Share granted shall be vested on the first trading day after each of 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026, respectively	-	30,000	-	5.21	5.38	10,000	0.8	-	-	20,000
Total				**971,066**	**-**			**309,869**		**447,472**	**-**	**213,725**

Details of the fair value of the Restricted Shares at the date of grant and the accounting standard and policy adopted are set out in note 38 to the consolidated financial statements.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Connected Transaction – Property Lease Agreement

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

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

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

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

Ruihe Beijing and Ms. Jiang have signed the "Lease Cancellation Contract" to terminate the lease of the Property from 31 July 2024.

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

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

(b) on normal commercial terms or better; and

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

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Mr. Xue Shouguang	Interest in controlled corporation[1]	104,000,000	15.74	Long position
	Beneficial owner	28,275,000	4.28	Long position
Mr. Chen Zhenping[2]	Beneficial owner	43,200,000	6.54	Long position
Mr. Wu Xiaohua	Interest in controlled corporation[3]	29,490,000	4.46	Long position
Ms. Zhao Yiqing[4]	Beneficial owner	23,740,000	3.59	Long position
Dr. Wu Fu-Shea	Beneficial owner	11,450,000	1.73	Long position

Notes:

1. Mr. Xue Shouguang held 100% equity interest in Treasure Tree Asia Holdings Co. LTD. Accordingly, under Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"), Mr. Xue Shouguang is deemed to be interested in the 104,000,000 share capital of the Company held by Treasure Tree Asia Holdings Co. LTD.

2. Mr. Chen Zhenping has resigned as a non-executive Director with effect from 4 March 2025.

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

4. Ms. Zhao Yiqing has resigned as an executive Director with effect from 1 April 2025.

Save as disclosed above, as at 31 December 2024, 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 2024, so far as it is known to the Directors and the chief executive of the Company, the following corporations or persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Company's Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Interested	Approximate Percentage of Shareholding (%)	Long/Short Position
Treasure Tree Asia Holdings Co. LTD[(1)]	Beneficial owner	104,000,000	15.74	Long position
Ms. Chen Weiping[(2)]	Interest of spouse	132,275,000	20.02	Long position
Mr. Gu Yi[(3)]	Interest of controlled corporation	70,003,840	10.59	Long position
嘉盈管理有限公司 (Jiaying Management Co., Limited)	Interest of controlled corporation	70,003,840	10.59	Long position
Mindas Touch Global Limited[(3)]	Beneficial owner	70,003,840	10.59	Long position
香港合盛投資有限公司 (HK Hesheng Investment Limited)[(4)]	Person having a security interest in shares	66,080,000	10.00	Long position
Ms. Wu Xinlan[(5)]	Interest of spouse	43,200,000	6.54	Long position

Notes:

1. According to the disclosure of interests set out on the website of Stock Exchange, Mr. Xue Shouguang's equity interest in the Company was held through Treasure Tree Asia Holdings Co. LTD. Mr. Xue Shouguang held 100% of Treasure Tree Asia Holdings Co. LTD. Accordingly, Mr. Xue Shouguang is deemed to be interested in such Shares under Part XV of the SFO.

2. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Chen Weiping is the spouse of Mr. Xue Shouguang and was therefore deemed to be interested in the 132,275,000 Shares in which Mr. Xue Shouguang was interested pursuant to Part XV of the SFO.

3. According to the disclosure of interests as set out on the website of the Stock Exchange, Mr. Gu Yi's shareholding in the Company is held through Mindas Touch Global Limited. Mindas Touch Global Limited is wholly owned by 嘉盈管理有限公司 (Jiaying Management Co., Limited), which is wholly owned by Mr. Gu Yi. Accordingly, Mr. Gu Yi and 嘉盈管理有限公司 (Jiaying Management Co., Limited) were deemed to be interested in these Shares pursuant to Part XV of the SFO.

4. According to the disclosure of interests as set out on the website of the Stock Exchange, HK Hesheng Investment Limited was interested in 66,080,000 Shares as person having a security interest in shares.

5. According to the disclosure of interests as set out on the website of the Stock Exchange, Ms. Wu Xinlan is the spouse of Mr. Chen Zhenping and was therefore deemed to be interested in the 43,200,000 Shares in which Mr. Chen Zhenping was interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, so far as it is known to the Directors and the chief executive of the Company, no person, other than the Directors or the chief executive whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, has an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

TAX RELIEF AND EXEMPTION

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

MATERIAL LEGAL PROCEEDINGS

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, the revenue generated from the Group's top five customers accounted for 47% of the Group's total revenue, while the revenue generated from the Group's largest customer accounted for 18% of the Group's total revenue.

Major Suppliers

For the Reporting Period, the total purchases from the Group's top five suppliers accounted for 71% of the total purchases, while the purchases from the Group's largest supplier accounted for 25% of the Group's total purchases.

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

USE OF NET PROCEEDS FROM THE SHARE OFFER

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

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

	Allocation percentage % of Net Proceeds	Allocation of the Net Proceeds (HK$ million)	Utilised Net Proceeds as at 31 December 2024 (HK$ million)	Unutilised Net Proceeds as at 31 December 2024 (HK$ million)
Strengthening and expansion of our data solution offerings through continuously attracting and retaining high- quality personnel and offering attractive compensation packages to retain our employees	20%	20.8	20.8	–
Enhancement of our sales and marketing efforts including corporate branding activities (Note)	20%	20.8	20.8	–
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen (Note)	35%	36.4	36.4	–
Potential strategic acquisition to supplement our organic growth	6.35%	6.6	6.6	–
Working capital and other general corporate purposes	18.65%	19.4	19.4	–
Total	100%	104.0	104.0	–

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

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

SUFFICIENT PUBLIC FLOAT

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no important events affecting the Group that have occurred after 31 December 2024 and up to the date of this annual report.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 53 to 75 of this annual report.

Directors' Report

AUDITOR

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

By order of the Board
Xue Shouguang
Chairman of the Board

Hong Kong, 25 March 2025

Corporate Governance Report

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

CORPORATE CULTURE

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

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

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

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

Corporate Governance Report

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

On 4 March 2025, Mr. Yang Haifeng and Dr. Jin Yong resigned as independent non-executive Directors, and Mr. Wei Juneheng was appointed as an independent non-executive Director. The then number of independent non-executive Directors fell below the minimum number as required under Rules 3.10(1) and 3.10A of the Listing Rules, and there would be no independent non-executive Director who has the qualification as required under Rule 3.10(2) of the Listing Rules. According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. According to Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements as set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee.

Following the appointment of Ms. Chu Jijun as an independent non-executive Director and a member of the Audit Committee on 14 March 2025, the Company has re-complied with the requirements in relation to (i) the number of independent non-executive Directors under Rules 3.10(1) and 3.10A; (ii) the qualification of independent non-executive Director under Rule 3.10(2); and (iii) the number of members of the Audit Committee under Rule 3.21. As such, the Company has fully complied with the requirements as set out in Rules 3.10(1), 3.10(2), 3.10A and 3.21 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry to all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period, except for Mr. Xue Shouguang, the Chairman of the Board and the Chief Executive Officer, who has failed to comply with the Mode Code as outlined below.

Between 19 July 2023 and 22 November 2024 (the "**Relevant Period**") (not within the blackout period as stipulated under A.3 of the Model Code), Mr. Xue Shouguang sold a total of 400,000 shares of the Company (the "**Shares**") and bought a total of 25,820,000 Shares on 34 trading days, without complying with the notification requirements under B.8 of the Model Code (the "**Incident**").

In respect of the Incident, the Board has identified certain deficiencies in the Company's internal control system, notably in the process of relying solely on self-reporting by Directors to ascertain compliance with the Model Code before and during the Relevant Period. Recognizing that this approach may not provide comprehensive assurance, the Board has undertaken significant steps to strengthen internal controls after the Incident. Additionally, before the Incident, the Company failed to designate a Director for the specific purposes under B.8 of the Model Code to deal with the chairman's proposed securities dealing.

Following the Incident, the Board has taken and will take the following remedial actions:

(1) The Company immediately reminded all Directors again of the notification requirements under the Model Code, to ensure Directors to comply with proper procedures when dealing in securities of the Company;

(2) The Board has designated Mr. Sun Dexin, an executive Director, as the Director responsible for overseeing compliance with B.8 of the Model Code. Specifically, the Directors must not deal in any securities of the Company without first notifying Mr. Sun Dexin and receiving a dated written acknowledgement, and Mr. Sun Dexin must not deal in any securities of the Company without first notifying the chairman of the Board and receiving a dated written acknowledgement;

(3) The Company has established an appropriate reporting and recording system to monitor the Directors' dealings in Shares in order to enhance transparency and accountability. In particular, in addition to requesting Directors to provide information on their shareholding, the compliance officer will cross-check the information provided by the Directors with the records from the share registrar and disclosure of interests filings to ensure all information is complete and accurate;

(4) The compliance officer of the Company's securities department will make specific enquiry to all the Directors to confirm whether they have any dealings in Shares on a monthly basis and to ensure that the dealings are conducted in compliance with the Model Code and other rules and regulations;

(5) The Company will arrange regular trainings for all Directors, senior management and staff of the securities department to reinforce the compliance with and understanding of the relevant requirements under the Model Code, with the recent training held on 22 April 2025;

(6) The Company will hire an external internal control consultant to conduct review on the Company's internal control system annually; and

(7) In case of doubt relating to the compliance requirements in respect of the Directors' dealings in securities, the Company shall forthwith seek timely advice from its legal advisers.

Corporate Governance Report

To prevent similar non-compliance in the future, Mr. Xue Shouguang has taken and will continue to take the following remedial actions:

(1) Mr. Xue Shouguang will ensure that all his proposed dealings in the Company's Shares, whether to be conducted directly or through a third party, are fully and promptly disclosed to the compliance officer of the securities department of the Company and in accordance with the requirements of the Model Code and the SFO, including the notification requirements and the disclosure of interests requirements;

(2) Mr. Xue Shouguang has committed to paying heightened attention to his reporting obligations. He acknowledges the seriousness of the Incident and will exercise greater diligence in monitoring and disclosing any changes in his shareholding or dealings in the Shares;

(3) Mr. Xue Shouguang will actively communicate with the Company's compliance officer to confirm his compliance status and seek clarification regarding his obligations under the Model Code and other regulations, if needed; and

(4) Mr. Xue Shouguang participated in a one-on-one compliance training session organized by the legal adviser of the Company to strengthen his understanding of the Model Code and other applicable rules governing Directors' dealings on 22 April 2025.

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

BOARD OF DIRECTORS

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

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

Board Composition

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

Executive Directors

Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer)*
Mr. Sun Dexin *(Appointed on 4 March 2025)*
Mr. Xue Xindi *(Appointed on 1 April 2024)*
Ms. Zhao Yiqing *(Resigned on 1 April 2024)*
Mr. Shi Banchao *(Resigned on 8 January 2024)*

Non-Executive Directors

Dr. Wu Fu-Shea
Mr. Wu Xiaohua
Mr. Fei Xiang *(Re-designated from an independent non-executive Director to an executive Director on 8 January 2024, re-designated from an executive Director to a non-executive Director on 4 March 2025)*
Mr. Chen Zhenping *(Resigned on 4 March 2025)*

Independent Non-executive Directors

Dr. Tian Yu *(Appointed on 14 March 2024)*
Mr. Wei Junheng *(Appointed on 4 March 2025)*
Ms. Chu Jijun *(Appointed on 14 March 2025)*
Mr. Yang Haifeng *(Resigned on 4 March 2025)*
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*
Ms. Dan Xi *(Resigned on 14 March 2024)*

The biographical information of the current Directors is set out in the section headed "Directors, Senior Management and Company Secretary" in this annual report. Save that Mr. Xue Xindi is the son of Mr. Xue Shouguang, none of the members of the Board is related to one another.

Corporate Governance Report

Board Meetings and Directors' Attendance Records

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

A summary of the attendance records of the Directors at the 6 Board meetings held during the Reporting Period is set out below:

Directors	Number of Attendance/ Number of Board Meetings Eligible to Attend
Executive Directors:	
Mr. Xue Shouguang	5/6
Mr. Sun Dexin *(Appointed on 4 March 2025)*	–
Mr. Xue Xindi *(Appointed on 1 April 2025)*	–
Ms. Zhao Yiqing *(Resigned on 1 April 2025)*	6/6
Mr. Shi Banchao *(Resigned on 8 January 2024)*	1/1
Non-Executive Directors:	
Dr. Wu Fu-Shea	6/6
Mr. Wu Xiaohua	6/6
Mr. Fei Xiang *(Re-designated from an independent non-executive Director to an executive Director on 8 January 2024, re-designated from an executive Director to a non-executive Director on 4 March 2025)*	6/6
Mr. Chen Zhenping *(Resigned on 4 March 2025)*	6/6
Independent Non-Executive Directors:	
Dr. Tian Yu *(Appointed on 14 March 2024)*	4/4
Mr. Wei Junheng *(Appointed on 4 March 2025)*	–
Ms. Chu Jijun *(Appointed on 14 March 2025)*	–
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*	4/4
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	6/6
Ms. Dan Xi *(Resigned on 14 March 2024)*	2/2

Chairman and Chief Executive Officer

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

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

Independent Non-executive Directors

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

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

Corporate Governance Report

Board Independence

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

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

Appointment and Re-election of Directors

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

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

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

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

Directors	Types of Training Note
Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer)*	A+B
Ms. Zhao Yiqing *(Resigned on 1 April 2025)*	A+B
Dr. Wu Fu-Shea	A+B
Mr. Wu Xiaohua	A+B
Mr. Fei Xiang *(Re-designated from independent non-executive Director to an executive Director on 8 January 2024, re-designated from an executive Director to a non-executive Director on 4 March 2025)*	A+B
Mr. Chen Zhenping *(Resigned on 4 March 2025)*	A+B
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	A+B
Dr.Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*	A+B
Dr. Tian Yu *(Appointed on 14 March 2024)*	A+B
Mr. Shi Banchao *(Resigned on 1 January 2024)*	–
Ms. Dan Xi *(Resigned on 14 March 2024)*	–
Mr. Sun Dexin *(Appointed on 4 March 2025)*	–
Mr. Wei Junheng *(Appointed on 4 March 2025)*	–
Ms. Chu Jijun *(Appointed on 14 March 2025)*	–
Mr. Xue Xindi *(Appointed on 1 April 2025)*	–

Note:

Types of Training

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

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

BOARD COMMITTEES

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

Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Ms. Chu Jijun, Mr. Wei Junheng and Dr. Tian Yu. Dr. Tian Yu is the chairman of Audit Committee.

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

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

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

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

Name of Members of the Audit Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	3/3
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*	3/3
Dr. Tian Yu *(Appointed on 14 March 2024 as a member of the Audit Committee, on 14 March 2025 re-designed as chairman of the Audit Committee)*	3/3
Ms. Dan Xi *(Resigned on 14 March 2024)*	N/A
Mr Fei Xiang *(Resigned as a member of the Audit Committee on 8 January 2024)*	N/A
Mr. Wei Junheng *(Appointed on 4 March 2025)*	N/A
Ms. Chu Jijun *(Appointed on 14 March 2025)*	N/A

Remuneration Committee

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

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

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

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

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

Name of Members of the Remuneration Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	1/1
Dr. Tian Yu *(Appointed on 14 March 2024)*	0/1
Ms. Dan Xi *(Resigned on 14 March 2024)*	N/A
Mr. Fei Xiang	1/1
Mr. Wei Junheng *(Appointed as chairman of the Remuneration Committee on 4 March 2025)*	N/A

The annual remuneration of senior management of the Company (whose biographies are set out on pages 25 to 28 of this annual report) by band for the Reporting Period is set out below:

Band of remuneration (RMB)	Number of individuals
0–500,000	7
500,001–1,000,000	2

Nomination Committee

The Nomination Committee currently consists of an executive Director and Chairman of the Board, namely Mr. Xue Shouguang, and three independent non-executive Directors, namely Ms. Chu Jijun, Dr. Tian Yu and Mr. Wei Junheng. Mr. Xue Shouguang is the chairman of the Nomination Committee. Majority of the Committee members are independent non-executive Directors.

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

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

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

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

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

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

Name of Members of the Nomination Committee	Number of Attendance/ Number of Meetings Eligible to Attend
Mr. Xue Shouguang *(Appointed as the chairman of the Nomination Committee on 8 January 2024)*	1/1
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*	1/1
Ms. Dan Xi *(Resigned on 14 March 2024)*	N/A
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	1/1
Mr. Fei Xiang *(resigned as the chairman of the Nomination Committee on 8 January 2024)*	N/A
Mr. Chen Zhenping *(Resigned as a member of the Nomination Committee on 8 January 2024)*	N/A
Mr. Wei Junheng *(Appointed on 4 March 2025)*	N/A
Dr. Tian Yu *(Appointed on 4 March 2024)*	N/A
Ms. Chu Jijun *(Appointed on 14 March 2025)*	N/A

Director Nomination Policy

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

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

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

- Character, integrity and reputation;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

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

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

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

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

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

Board Diversity Policy

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

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

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

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

Name of Directors	Gender	Age	Date of appointment as Directors
Executive Directors:			
Mr. Xue Shouguang	Male	54	18 July 2023
Mr. Sun Dexin	Male	37	4 March 2025
Mr. Xue Xindi	Male	28	1 April 2025
Non-executive Directors:			
Dr. Wu Fu-Shea	Male	66	10 September 2021
Mr. Wu Xiaohua	Male	51	6 December 2018
Mr. Fei Xiang	Male	45	18 July 2023
Independent non-executive Directors:			
Dr. Tian Yu	Male	60	14 March 2024
Mr. Wei Junheng	Male	50	4 March 2025
Ms. Chu Jijun	Female	35	14 March 2025

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

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

	Female	Male
As at the date of this annual report		
Board	11% (1)	89% (8)
As at 31 December 2024		
Board	11% (1)	89% (8)
Senior Management	22% (2)	78% (7)
Other employees	24% (53)	76% (164)
Overall workforce	24% (55)	76% (171)

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

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

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

Corporate Governance Functions

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S REMUNERATION

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

Service Category	Fee paid/ payable (HKD)
Audit services	1,800,000
Non-audit services (Note)	200,000
Total	2,000,000

Note:

Non-audit services include review of the interim financial information of the Group for the six months ended 30 June 2024.

COMPANY SECRETARY

Ms. So Ka Man of Tricor Services Limited, external service provider, has been appointed as the company secretary of the Company with effect from 20 June 2024. The primary contact person at the Company was Ms. Zhang Fengwei.

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

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

SHAREHOLDERS' RIGHTS

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

During the Reporting Period, the Company held a general meeting, being the annual general meeting held on 25 May 2024. Details of individual attendance of each Director at the aforesaid general meetings are set out below:

Directors	Number of Attendance/ Number of Meetings Eligible to Attend
Executive Directors:	
Mr. Xue Shouguang *(Chairman of the Board and Chief Executive Officer)*	1/1
Ms. Zhao Yiqing *(Resigned on 1 April 2025)*	1/1
Mr. Sun Dexin *(Appointed on 4 March 2025)*	N/A
Mr. Xue Xindi *(Appointed on 1 April 2025)*	N/A
Mr. Shi Banchao *(Resigned on 8 January 2024)*	N/A
Non-Executive Directors:	
Dr. Wu Fu-Shea	1/1
Mr. Wu Xiaohua	1/1
Mr. Chen Zhenping *(Resigned on 4 March 2025)*	1/1
Mr. Fei Xiang *(Re-designated from independent non-executive Director to an executive Director on 8 January 2025, and re-designated from an executive Director to a non-executive Director on 4 March 2025)*	1/1
Independent Non-Executive Directors:	
Mr. Yang Haifeng *(Resigned on 4 March 2025)*	1/1
Dr. Jin Yong *(Appointed on 14 March 2024, resigned on 4 March 2025)*	1/1
Dr. Tian Yu *(Appointed on 14 March 2024)*	1/1
Ms. Chu Jijun *(Appointed on 14 March 2025)*	N/A
Mr. Wei Junheng *(Appointed on 4 March 2025)*	N/A
Ms. Dan Xi *(Resigned on 14 March 2024)*	N/A

Corporate Governance Report

Convening an Extraordinary General Meeting

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

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

Contact Details

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

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

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

INVESTOR RELATIONS

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

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

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

Shareholders' Communication Policy

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

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

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

Environmental, Social and Governance Report

ABOUT THE REPORT

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

ESG Governance Structure

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

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

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

The Scope of the ESG Report

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

Reporting Standard

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

Environmental, Social and Governance Report

Reporting Period

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year ended 31 December 2024 ("**Reporting Period**", "**2024**").

Reporting Principles

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

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

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

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

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

Review and Approval

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

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

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

Environmental, Social and Governance Report

Stakeholder Engagement

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

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

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

Materiality Assessment

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

Identification

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

Prioritisation

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

Verification

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

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

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

Environmental, Social and Governance Report

A. ENVIRONMENTAL ASPECT

Aspect A1: Emissions

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

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

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

Air Emission	For the year ended 31 December 2024
Nitrogen oxides (NO_x)	1.78 kg
Sulphur oxides (SO_x)	0.04 kg
Particulate matter (PM)	0.13 kg

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

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

Greenhouse Gases Emission	**For the year ended 31 December 2024**
Direct Emission (Scope 1)	
– Fuel consumption of our vehicles	7.05 tonnes
Indirect Emission (Scope 2)	
– Electricity	99.29 tonnes
Indirect Emission (Scope 3)	
– Paper	0.46 tonnes
– Business air travels	0.06 tonnes
Total emission of greenhouse gases	106.86 tonnes
Total emission of greenhouse gases per employee	0.36 tonnes

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

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

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

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

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

	For the year ended 31 December 2024
Total non-hazardous wastes	3,051.30 kg
Non-hazardous waste discarded per employee	10.27 kg

Aspect A2: Use of Resources

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

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

Energy Consumption	For the year ended 31 December 2024
Total energy consumption	146,180.21 kWh
Direct energy consumption	27,942.15 kWh
Indirect energy consumption	118,238.06 kWh
Total energy consumption per employee	492.19 kWh
Electricity consumption	118,238.06 kWh
Electricity consumption per employee	398.11 kWh
Fuel consumption	2,883.20 Liters
Fuel consumption per employee	9.71 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. During the Reporting Period, the Group has set target to reduce water consumption per employee over the next 3 years and the water consumption per employee for the year ended 31 December 2021 is set as the baseline year. We have adopted the following measures to mitigate water consumption: (1) promoting the use of filtered water dispensers in offices to replace plastic bottled water; (2) promoting and encouraging our employees to conserve water; (3) reduce the supply of bottled water and paper cups, and encourage employees to bring their own water cups; and (4) reduce the supply of bottled water and instead provide reusable cups.

Water Consumption	For the year ended 31 December 2024
Water consumption	669.21 m^3
Water consumption per employee	2.25 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.

Aspect A4: Climate Change

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

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

Risks of natural disasters

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

Transition Risks

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

B. SOCIAL

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

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

Aspect B1: Employment

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

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

As at 31 December 2024, our Group had 226 full-time employees, the distribution of employees according to gender, age group and geographical region are as follows:

Employees	**Percentage (%)**
By Gender	
Male	75.7%
Female	24.3%
By Age Group	
Under 30 years old	35.4%
30–50 years old	61.9%
Over 50 years old	2.7%
By Geographical Region	
Mainland China	100%
Hong Kong	0%

During the Reporting Period, the Group's total employee turnover rate was approximately 126.6%. The table below shows the employee turnover rate by gender, age group and geographical region.

	Turnover Rate (%)
By Gender	
Male	128.1%
Female	123.2%
By Age Group	
Under 30 years old	143.8%
30–50 years old	118.7%
Over 50 years old	60.0%
By Geographical Region	
Mainland China	126.6%
Hong Kong	N/A

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

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

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

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

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

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

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

Aspect B2: Health and Safety

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

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

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

Aspect B3: Development and Training

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

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

Percentage of employees trained	100.0%
The percentage of employees trained by gender	
Male	70%
Female	30%
The percentage of employees trained by employee category	
Management	9%
Non-management	91%
Average training hours for employees	5 Hours
The average training hours completed per employee by gender	
Male	5 Hours
Female	5 Hours
The average training hours completed per employee by employee category	
Management	6 Hours
Non-management	6 Hours

Aspect B4: Labour Standards

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

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

Aspect B5: Supply Chain Management

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

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

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

Mainland China	49
Hong Kong	6

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

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

Aspect B6: Product Responsibility

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

Environmental, Social and Governance Report

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

As at 31 December 2024, we have registered 95 trademarks, granted 49 patents and obtained 191 computer software copyright registrations.

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

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

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

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

Aspect B7: Anti-corruption

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

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

Aspect B8: Community Investment

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

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Ruihe Data Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 99 to 203, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1(a) in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB74,044,000 during the year ended 31 December 2024 and, as of that date, the Group had net current liabilities of approximately RMB50,851,000. As stated in Note 2.1(a), these events or conditions, along with other matters as set forth in Note 2.1(a), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Trade and bill receivables and contract assets

Refer to Notes 19 and 20 to the consolidated financial statements

The Group tested the amount of trade and bill receivables and contract assets for impairment. This impairment test is significant to our audit because the balance of trade and bill receivables and contract assets of approximately RMB90,660,000 and RMB66,653,000 respectively as at 31 December 2024 and the expected credit losses on trade and bill receivables of approximately RMB1,347,000 and the reversal of expected credit losses on contract assets of approximately RMB477,000 for the year ended 31 December 2024 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

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

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

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

Refer to Notes 13, 15 and 16 to the consolidated financial statements

The Group tested the amount of property and equipment, intangible assets and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property and equipment, intangible assets and right-of-use assets of approximately RMB3,047,000, RMB59,158,000 and RMB5,976,000 respectively as at 31 December 2024 and the impairment loss on property and equipment, intangible assets and right-of-use assets of approximately RMB1,100,000, RMB9,600,000 and RMB1,600,000 respectively for t he year ended 31 December 2024 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;

- Assessing the arithmetical accuracy of the value-in-use calculations;

- Comparing the actual cash flows with the cash flow projections;

- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates); and

- Checking input data to supporting evidence.

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Li Chi Hoi
Audit Engagement Director
Practising Certificate Number P07268
Hong Kong, 25 March 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	5	**377,843**	367,945
Cost of sales		**(339,768)**	(320,818)
Gross profit		**38,075**	47,127
Selling expenses		**(8,387)**	(19,584)
Administrative expenses		**(53,553)**	(55,597)
Research and development expenses		**(31,073)**	(33,238)
Expected credit losses ("ECLs") on financial assets and contract assets	19, 20, 21	**(2,669)**	(27,269)
Impairment loss on property and equipment	13	**(1,100)**	(3,100)
Impairment loss on intangible assets	15	**(9,600)**	(12,000)
Impairment loss on right-of-use assets	16	**(1,600)**	(2,700)
Fair value change of financial liabilities at fair value through profit or loss ("FVTPL")	33	**–**	(2,681)
Other income	6	**3,097**	6,107
Other gain/(losses), net	6	**1,746**	(750)
Operating loss		**(65,064)**	(103,685)
Finance income	9	**153**	234
Finance costs	9	**(9,042)**	(7,712)
Finance costs, net	9	**(8,889)**	(7,478)
Share of losses of associates	22	**(463)**	(16)
Loss before income tax	7	**(74,416)**	(111,179)
Income tax credit	10	**372**	2,170
Loss for the year		**(74,044)**	(109,009)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
– Currency translation differences		**924**	(2,379)
Total comprehensive loss for the year, net of tax		**(73,120)**	(111,388)

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 2024

	Note	2024 RMB'000	2023 RMB'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(74,998)**	(109,233)
Non-controlling interests	36	**954**	224
		(74,044)	(109,009)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(74,074)**	(111,612)
Non-controlling interests	36	**954**	224
		(73,120)	(111,388)
Loss per share for loss attributable to owners of the Company:			
Basic and diluted loss per share (RMB cents)	11	**(11.4)**	(18.8)

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 2024

	Note	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property and equipment	13	**3,047**	19,255
Investment property	14	**8,676**	–
Intangible assets	15	**59,158**	80,831
Right-of-use assets	16	**5,976**	14,354
Investment in associates	22	**14,298**	14,761
Deposit paid for acquisition of additional interests in a subsidiary		**3,465**	3,465
Financial assets at fair value through other comprehensive income ("FVTOCI")	17	**1,950**	–
Deferred tax assets	28	**9,330**	8,853
		105,900	141,519
Current assets			
Trade and bill receivables	19	**90,660**	104,285
Contract assets	20	**66,653**	71,702
Prepayments	21	**5,081**	5,561
Other receivables	21	**5,963**	6,819
Pledged bank deposits	23	**329**	1,005
Restricted bank deposits	23	**7,867**	–
Cash and cash equivalents	23	**16,399**	113,257
		192,952	302,629
Total assets		**298,852**	444,148
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	**5,950**	5,950
Other reserves	25	**415,017**	414,975
Accumulated losses		**(400,508)**	(325,086)
		20,459	95,839
Non-controlling interests	36	**22,422**	21,468
Total equity		**42,881**	117,307

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

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	**1,660**	6,149
Deferred tax liabilities	28	**508**	680
Bank and other borrowings	29	**10,000**	10,000
		12,168	16,829
Current liabilities			
Trade payables	26	**91,612**	91,594
Accruals and other payables	27	**36,045**	43,976
Contract liabilities	20	**1,252**	997
Current income tax liabilities		**2,036**	2,046
Amounts due to directors	32(b)	**10,518**	–
Lease liabilities	30	**3,680**	5,207
Bank and other borrowings	29	**98,660**	166,192
		243,803	310,012
Total liabilities		**255,971**	326,841
Total equity and liabilities		**298,852**	444,148
Net current liabilities		**(50,851)**	(7,383)
Total assets less current liabilities		**55,049**	134,136

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

The consolidated financial statements on pages 99 to 203 were approved and authorised for issue by the Board of Directors on 25 March 2025 and are signed on its behalf by:

Xue Shouguang
Director

Sun Dexin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 25)	Reserves RMB'000 (Note 25)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 36)	Total equity RMB'000
Balance at 1 January 2023	4,153	181,237	112,626	(215,257)	82,759	20,754	103,513
Comprehensive (loss)/income							
(Loss)/profit for the year	–	–	–	(109,233)	(109,233)	224	(109,009)
Other comprehensive income/(loss)							
Currency translation differences	–	–	(2,379)	–	(2,379)	–	(2,379)
Total comprehensive (loss)/income for the year	–	–	(2,379)	(109,233)	(111,612)	224	(111,388)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 24(i))	1,797	125,597	–	–	127,394	–	127,394
Share-based payments (Note 25(ii))	–	–	(2,702)	–	(2,702)	–	(2,702)
Capital contribution to a subsidiary by non-controlling interests	–	–	–	–	–	490	490
Transfer to statutory reserve (Note 25(iii))	–	–	596	(596)	–	–	–
	1,797	125,597	(2,106)	(596)	124,692	490	125,182
Balance at 31 December 2023	5,950	306,834	108,141	(325,086)	95,839	21,468	117,307

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 25)	Reserves RMB'000 (Note 25)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000 (Note 36)	Total equity RMB'000
Balance at 1 January 2024	**5,950**	**306,834**	**108,141**	**(325,086)**	**95,839**	**21,468**	**117,307**
Comprehensive (loss)/income							
(Loss)/profit for the year	–	–	–	(74,998)	(74,998)	954	(74,044)
Other comprehensive income/(loss)							
Currency translation differences	–	–	924	–	924	–	924
Total comprehensive income/(loss) for the year	–	–	924	(74,998)	(74,074)	954	(73,120)
Transactions with owners in their capacity as owners							
Share-based payments (Note 25(ii))	–	–	(1,306)	–	(1,306)	–	(1,306)
Transfer to statutory reserve (Note 25(iii))	–	–	424	(424)	–	–	–
	–	–	(882)	(424)	(1,306)	–	(1,306)
Balance at 31 December 2024	**5,950**	**306,834**	**108,183**	**(400,508)**	**20,459**	**22,422**	**42,881**

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 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash used in operations	31	**(16,329)**	(38,445)
Income tax (paid)/refunded		**(287)**	76
Net cash used in operating activities		**(16,616)**	(38,369)
Cash flows from investing activities			
Purchase of intangible assets		**(4,610)**	(15,068)
Payment for property and equipment		**(1,300)**	(1,707)
Proceeds from disposal of property and equipment	31	**294**	140
Proceeds from disposal of intangible assets		**–**	15
Repayment of advances to associates		**–**	6,130
Net cash inflow arising on disposal of financial assets at FVTPL	22(ii)	**–**	612
Net cash inflow arising on deregistration of an associate	22(i)	**–**	30
Net cash inflow arising on disposal of an associate	22(ii)	**–**	2,448
Acquisition of financial assets at FVTOCI	17	**(1,950)**	–
Payment for acquisition of a subsidiary		**–**	(1,574)
Interests received	9	**153**	234
Net cash used in investing activities		**(7,413)**	(8,740)

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from issues of shares	24(i)	**–**	131,163
Shares issues expenses paid	24(i)	**–**	(3,769)
Interests paid		**(6,999)**	(7,128)
Decrease in pledged bank deposits and other deposits	31	**1,676**	216
Increase in restricted bank deposits	39	**(7,867)**	–
Capital contribution to a subsidiary by non-controlling interests		**–**	490
Interest paid on financial liabilities at FVTPL		**–**	(3,653)
Repayment on financial liabilities at FVTPL		**–**	(20,000)
Repayment of lease liabilities	31	**(3,540)**	(4,011)
Advances from directors	31	**42,518**	15,000
Repayment of advances from directors	31	**(32,000)**	(35,263)
Proceeds from other borrowings	31	**90,160**	129,000
Repayment of other borrowings	31	**(112,464)**	(55,533)
Proceeds from bank borrowings	31	**26,222**	81,688
Repayment of bank borrowings	31	**(71,450)**	(80,554)
Net cash (used in)/generated from financing activities		**(73,744)**	147,646
Net (decrease)/increase in cash and cash equivalents		**(97,773)**	100,537
Cash and cash equivalents at beginning of the year		**113,257**	15,111
Effect of currency translation differences		**915**	(2,391)
Cash and cash equivalents at end of the year		**16,399**	113,257

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Ruihe Data Technology Holdings Limited (the "Company") is a limited company incorporated in the Cayman Islands on 6 December 2018 as an exempted company. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. With effect from 10 January 2025, the address of the principal place of business in Hong Kong of the Company has been changed to Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

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

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

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

2 MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and related interpretations. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at FVTOCI, which is carried at fair value.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(a) Going Concern Basis

The Group incurred a loss of approximately RMB74,044,000 for the year ended 31 December 2024 and as at 31 December 2024 the Group had net current liabilities of approximately RMB50,851,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

(i) A director of the Company, Mr. Xue Shouguang will provide the loan financing funding support amounted to RMB100,000,000 within 18 months from the date of the letter, i.e. 1 March 2025.

(ii) The Group is negotiating with the counterparties to renew the existing loans from them as set out in Note 29 to the consolidated financial statements.

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

(b) Adoption of new and revised IFRS Accounting Standards

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRS Accounting Standards 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 and revised IFRS Accounting Standards that have been issued but are not yet effective. The application of these new and revised IFRS Accounting Standards will not have material impact on the consolidated financial statements of the Group.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

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

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

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

(b) Associates

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

(c) Equity accounting

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(c) Equity accounting (Continued)

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 2.10.

2.3 Business combination

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

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.

2.5 Segment information

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transaction and balances

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

(c) Group companies

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

- capital balances for each consolidated statement of financial position presented are translated at the historical rate at the transaction date;
- all other assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the period-end date;
- income and expenses for each consolidated statement of comprehensive income are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and included within the exchange reserve.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

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

2.7 Property and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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 gain/(losses), net" in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated remaining useful life.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

2.9 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (Continued)

(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
- 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Financial assets

2.11.1 Classification

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

- those to be measured subsequently at fair value through other comprehensive income;
- 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 18 for details of financial assets.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.2 Measurement

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

Debt instruments

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.3 Impairment

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.4 Derecognition

Financial assets

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

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

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

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

Other financial liabilities

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.5 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.

2.12 Financial liabilities at FVTPL

Financial liabilities that are designated at FVTPL are initially recognised and are subsequently remeasured to their fair value at the end of each reporting period. The amount of change in the fair value of the financial liability at FVTPL that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in the fair value of financial liabilities not attributable to changes in credit risk are recognised immediately in profit or loss and are included in the consolidated statement of comprehensive income.

2.13 Inventories

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 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 2.11.3 and are reclassified to receivables when the right to the consideration has become unconditional.

2.15 Trade and bill receivables and other receivables

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

Trade and bill and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.11.3 for a description of the Group's impairment policy for trade and other receivables.

2.16 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.

2.17 Pledged bank deposits

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

2.20 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.

2.21 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 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.

(d) Trading of commodities

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

2.26 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.

2.27 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.28 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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (Continued)

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.

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.

2.29 Dividend distributions

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

2.30 Share-based payments

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Cash flow and fair value interest rate risk

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

As at 31 December 2024, 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 RMB105,000 lower/higher (2023: post-tax loss for the year would have been approximately RMB481,000 lower/higher).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

Cash and cash equivalents and pledged and restricted bank deposits

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

Other receivables

For other receivables, the Group has measured its lifetime expected credit losses and has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables, as well as the loss upon default in each case. The Group also takes into account forward-looking information in the impairment of the other receivables. Details of the loss allowance of other receivables are included in Note 21.

Trade and bill receivables and contract assets

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

To measure the expected credit losses, trade receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Details of the loss allowance of trade and bill receivables are included in Note 19.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade and bill receivables and contract assets (Continued)

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses below also incorporate forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Details of the loss allowance of contract assets are included in Note 20.

As at 31 December 2024, the Group had significant concentration of credit risk in a few customers. The outstanding balances from the five largest customers, which had been included in trade and bill receivables and contract assets, amounted to RMB 20,784,000 (2023: RMB47,450,000) in aggregate, which represented approximately 8% (2023: 17%) of the total trade and bill receivables and contract assets.

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

(c) Liquidity risk

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

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over and 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Trade payables	91,594	–	–	–	91,594
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	15,231	–	–	–	15,231
Lease liabilities and interest payments	5,719	3,975	2,503	–	12,197
Bank and other borrowings and interest payments	170,127	336	10,167	–	180,630
	282,671	4,311	12,670	–	299,652
As at 31 December 2024					
Trade payables	**91,612**	**–**	**–**	**–**	**91,612**
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	**14,480**	**–**	**–**	**–**	**14,480**
Lease liabilities and interest payments	**3,888**	**1,692**	**–**	**–**	**5,580**
Bank and other borrowings and interest payments	**102,934**	**10,167**	**–**	**–**	**113,101**
Amount due to directors	**10,518**	**–**	**–**	**–**	**10,518**
	223,432	**11,859**	**–**	**–**	**235,291**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) *Fair value measurements*

Except for the financial assets at FVTOCI disclosed in note 17 and the financial liabilities at fair value through profit or loss as disclosed in note 33 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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

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

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

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

Description	Fair value measurements as at 31 December 2024 using: Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 2024 RMB'000
Recurring fair value measurements:				
Financial assets at FVTOCI	–	–	1,950	1,950

During each of the years ended 31 December 2023 and 2024, there were no transfer between financial instruments in Level 1 and Level 2 and no transfer into or out of Level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

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

	Financial assets at FVTOCI		Financial liabilities at FVTPL	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**–**	–	**–**	41,981
Addition	**1,950**	–	**–**	–
Interests paid	**–**	–	**–**	(3,653)
Repayments of principal amount	**–**	–	**–**	(20,000)
Outstanding principal amount reclassified to other borrowings	**–**	–	**–**	(20,000)
Interest payables reclassified to other payables	**–**	–	**–**	(1,009)
Total losses recognised in profit or loss	**–**	–	**–**	2,681
At 31 December	**1,950**	–	**–**	–

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Fair value measurements (Continued)

(iii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024:

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2024 RMB'000
Financial assets at FVTOCI	Asset approach	Net assets	Increase	1,950

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

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

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

The debt-to-equity ratios were as follows:

	2024 **RMB'000**	2023 RMB'000
Bank and other borrowings (Note 29)	**108,660**	176,192
Amounts due to directors (Note 32(b))	**10,518**	–
Lease liabilities (Note 30)	**5,340**	11,356
Less: Cash and cash equivalents (Note 23)	**(16,399)**	(113,257)
Restricted bank deposits (Note 23)	**(7,867)**	–
Pledged bank deposits (Note 23) and other deposits (Note 21(i))	**(329)**	(2,005)
Net debt	**99,923**	72,286
Total equity	**44,881**	117,307
Debt-to-equity ratio	**2.23**	0.62

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

(b) 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 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 2.10. 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.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers		
Integrated data technology services		
– Data solutions	**147,996**	167,015
– Sales of hardware and software and related services as an integrated service	**99,057**	144,653
– IT maintenance and support services	**5,949**	17,025
	253,002	328,693
Trading of commodities	**124,841**	39,252
	377,843	367,945
Timing of revenue recognition		
– At a point in time	**223,898**	183,905
– Over time	**153,945**	184,040
	377,843	367,945

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

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

(b) Trading of commodities

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information about reportable segment profit or loss, assets and liabilities provided to the CODM for each of the years ended and as at 31 December 2023 and 2024 is as follows:

	2024			2023		
	Integrated data technology services RMB'000	**Trading of commodities RMB'000**	**Total RMB'000**	Integrated data technology services RMB'000	Trading of Commodities RMB'000	Total RMB'000
Year ended 31 December						
Segment revenue						
– Data solutions	**147,996**	**–**	**147,996**	167,015	–	167,015
– Sales of hardware and software and related services as an integrated service	**99,057**	**–**	**99,057**	144,653	–	144,633
– IT maintenance and support services	**5,949**	**–**	**5,949**	17,025	–	17,025
– Trading of commodities	**–**	**124,841**	**124,841**	–	39,252	39,252
	253,002	**124,841**	**377,843**	328,693	39,252	367,945
Segment (loss)/profit	**(65,513)**	**(405)**	**(65,918)**	(105,042)	177	(104,865)
Unallocated loss			**(7,663)**			(4,128)
Share of losses of associates			**(463)**			(16)
Loss for the year			**(74,044)**			(109,009)
Other segment information						
Depreciation of property, plant and equipment	**6,568**	**52**	**6,620**	8,667	–	8,667
Depreciation of investment property	**60**	**–**	**60**	–	–	–
Amortisation of intangible assets	**16,894**	**–**	**16,894**	17,410	–	17,410
Depreciation of right of use assets	**5,457**	**–**	**5,457**	7,104	–	7,104
ECLs on financial and contract assets	**2,667**	**2**	**2,669**	27,269	–	27,269
Impairment loss on property and equipment	**1,100**	**–**	**1,100**	3,100	–	3,100
Impairment loss on intangible assets	**9,600**	**–**	**9,600**	12,000	–	12,000
Impairment loss on right-of-use assets	**1,600**	**–**	**1,600**	2,700	–	2,700
Finance income	**(143)**	**(10)**	**(153)**	(123)	(4)	(127)
Finance income – unallocated	**–**	**–**	**–**	–	–	(107)
Finance costs	**9,005**	**37**	**9,042**	7,711	–	7,711
Income tax (credit)/expense	**(454)**	**2**	**(452)**	(2,180)	10	(2,170)
Income tax expense – unallocated	**–**	**–**	**80**	–	–	–
Additions to non-current assets	**6,269**	**328**	**6,597**	26,535	–	26,535

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) (Continued)

	2024			2023		
	Integrated data technology services RMB'000	Trading of commodities RMB'000	Total RMB'000	Integrated data technology services RMB'000	Trading of commodities RMB'000	Total RMB'000
As at 31 December						
Segment assets	**274,918**	**8,512**	**283,430**	393,560	10,202	403,762
Unallocated assets			**15,422**			40,386
Total assets			**298,852**			444,148
Segment liabilities	**240,972**	**10,186**	**251,158**	321,027	25	321,052
Unallocated liabilities			**4,813**			5,789
Total liabilities			**255,971**			326,841

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Integrated data technology services segment		
Customer A	**N/A#**	44,490
Customer B	**N/A#**	40,799
Trading of commodities segment		
Customer C	**67,946**	N/A#

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mainland China	**377,843**	367,945

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 GAIN/(LOSSES), NET

An analysis of other income and other gain/(losses), net is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Other income:		
Government grants (Note i)	**3,082**	6,107
Rental income on investment property	**15**	–
	3,097	6,107
Other gains/(losses), net:		
Forfeit of rental deposits upon early termination of leases	**–**	(76)
Gain on leases modification and termination	**1,571**	116
Gain on disposal of an investment of an associate (Note 22(ii))	**–**	701
Gain/(loss) on disposals of property and equipment (Note 31)	**156**	(835)
Loss on written off of property and equipment	**(18)**	(91)
Loss on disposal of intangible assets (Note 31)	**–**	(759)
Loss on written off of intangible assets	**(27)**	–
Others	**64**	194
	1,746	(750)

Note:

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

7 LOSS BEFORE INCOME TAX

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets (Note 15)	**16,894**	17,410
Depreciation of property and equipment (Note 13)	**6,620**	8,667
Depreciation of investment property (Note 14)	**60**	–
Depreciation of right-of-use assets (Note 16)	**5,457**	7,104
Total amortisation and depreciation	**29,031**	33,181
Less: Capitalised in software development costs within intangible assets	**(233)**	(150)
	28,798	33,031
Employee benefit expenses (including directors' emoluments) (Note 8)	**93,403**	166,220
Expenses related to short-term leases	**938**	1,095
Auditor's remuneration	**1,662**	1,701
ECLs on trade and bill receivables (Note 19)	**1,347**	14,651
(Reversal of ECLs)/ECLs on contract assets (Note 20)	**(477)**	10,539
ECLs on other receivables (Note 21)	**1,799**	2,079

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**89,195**	165,972
Retirement benefit contributions (Note i)	**9,156**	15,498
Equity-settled share-based payments	**(1,306)**	(2,702)
	97,045	178,768
Less: portion capitalised as intangible assets	**(3,642)**	(12,548)
	93,403	166,220

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 2023 and 2024. The employees contribute approximately 8% of their basic salaries, while the subsidiaries contribute approximately 13-16% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2023: none) directors whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining three (2023: five) individuals during the year are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**1,752**	4,198
Retirement benefit contributions	**141**	297
Equity-settled share-based payments	**73**	753
	1,966	5,248

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

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	2024	2023
Emolument bands		
Nil to HKD1,000,000	**3**	–
HKD1,000,001 to HKD1,500,000	**–**	5

9 FINANCE COSTS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	**153**	234
Finance costs		
– Interest expense on bank and other borrowings	**(8,082)**	(7,068)
– Interest expense on amount due to directors	**(544)**	(60)
– Finance charges on lease liabilities	**(416)**	(584)
	(9,042)	(7,712)
Finance costs, net	**(8,889)**	(7,478)

10 INCOME TAX CREDIT

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

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Current income tax		
– Hong Kong profits tax	**–**	–
– The People Republic of China ("PRC") enterprise income tax	**2**	10
– PRC interest withholding tax	**80**	–
Under/(over) provision in prior years		
– Hong Kong profits tax	**–**	(1,582)
– PRC enterprise income tax	**195**	–
Deferred income tax (Note 28)		
– Current year	**(649)**	(598)
Income tax credit	**(372)**	(2,170)

(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 2024 (2023: 16.5%).

(ii) PRC enterprise income tax

Shenzhen Suoxinda Data Technology Co., Ltd. ("Suoxinda Shenzhen"), Ruihe Data (Beijing) Technology Co., Ltd.* ("Ruihe Beijing") and Shenzhen Yinxing Intelligent Data Co., Ltd.* ("Shenzhen Yinxing") were recognised by relevant Mainland China authorities as National High and New Technological Enterprise ("NHNTE") and were entitled to a preferential enterprise income tax rate of 15% from 2023 to 2026,from 2021 to 2024 and from 2022 to 2025, respectively. Other subsidiaries established in the PRC are subject to enterprise income tax at a rate of 25% during the year ended 31 December 2024 (2023: 25%).

(iii) PRC interest withholding tax

Subsidiaries established outside the PRC are subject to PRC withholding tax at a rate of 10% on the interest income received from the subsidiaries established in the PRC during the year ended 31 December 2024 (2023: Nil)

* English company names are translated for identification purpose only.

10 INCOME TAX CREDIT (CONTINUED)

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

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Loss before income tax	**(74,416)**	(111,179)
Less: share of losses of associates, net of tax	**463**	16
Loss before income tax before share of losses of associates	**(73,953)**	(111,163)
Tax calculated at domestic tax rates applicable to losses of the respective companies	**(12,139)**	(18,559)
Expenses not deductible for tax purposes	**2,005**	8,261
Under/(over) provision in prior years	**195**	(1,582)
Super deduction for research and development expenses (Note i)	**(5,125)**	(4,127)
Tax losses for which no deferred tax was recognised	**14,692**	13,837
Income tax credit	**(372)**	(2,170)

Note:

(i) Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% (2023: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended 31 December 2023 and 2024.

11 LOSS PER SHARE

	Year ended 31 December	
	2024	2023
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	**(74,998)**	(109,233)
Weighted average number of ordinary shares outstanding for the purpose of calculating basic and diluted loss per share (Number of shares in thousand)	**657,959**	580,108
Basic and diluted loss per share (RMB cents)	**(11.4)**	(18.8)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective periods.

Diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding to assume the issue of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards and share options because (i) the exercise price of those share options are higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme has antidilutive effects on the basic loss per share amounts presented. (2023: Weighted average number of ordinary shares for the purpose of calculating diluted loss per share does not adjust for the effects of share awards, share options and convertible loans because (i) the exercise price of those share options is higher than the average market prices of the Company's shares; and (ii) the impacts of the shares to be issued under share awards scheme and convertible loans have anti-dilutive effects on the basic loss per share amounts presented.)

12 DIVIDENDS

No dividends had been paid or declared by the Company during the year ended 31 December 2024 (2023: Nil).

13 PROPERTY AND EQUIPMENT

	Building RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2023				
Cost	15,257	47,519	2,021	64,797
Accumulated depreciation	(5,129)	(23,191)	(1,213)	(29,533)
Accumulated impairment loss	–	(4,600)	(156)	(4,756)
Net book amount	10,128	19,728	652	30,508
Year ended 31 December 2023				
Opening net book amount	10,128	19,728	652	30,508
Additions	–	1,570	–	1,570
Disposals	–	(975)	–	(975)
Written off	–	(91)	–	(91)
Depreciation	(724)	(7,686)	(257)	(8,667)
Impairment loss (Note i)	–	(3,058)	(42)	(3,100)
Currency translation differences	–	–	10	10
Closing net book amount	9,404	9,488	363	19,255
At 31 December 2023				
Cost	15,257	44,360	2,047	61,664
Accumulated depreciation	(5,853)	(27,214)	(1,486)	(34,553)
Accumulated impairment loss	–	(7,658)	(198)	(7,856)
Net book amount	9,404	9,488	363	19,255
Year ended 31 December 2024				
Opening net book amount	**9,404**	**9,488**	**363**	**19,255**
Additions	**–**	**400**	**–**	**400**
Disposals	**–**	**(121)**	**(17)**	**(138)**
Written off	**–**	**(18)**	**–**	**(18)**
Transfers to investment property (Note 14)	**(8,736)**	**–**	**–**	**(8,736)**
Depreciation	**(668)**	**(5,722)**	**(230)**	**(6,620)**
Impairment loss (Note i)	**–**	**(1,100)**	**–**	**(1,100)**
Currency translation differences	**–**	**–**	**4**	**4**
Closing net book amount	**–**	**2,927**	**120**	**3,047**
At 31 December 2024				
Cost	**–**	**42,394**	**1,702**	**44,096**
Accumulated depreciation	**–**	**(30,709)**	**(1,384)**	**(32,093)**
Accumulated impairment loss	**–**	**(8,758)**	**(198)**	**(8,956)**
Net book amount	**–**	**2,927**	**120**	**3,047**

13 PROPERTY AND EQUIPMENT (CONTINUED)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**–**	278
Selling expenses	**–**	24
Administrative expenses	**2,559**	1,098
Research and development expenses	**4,061**	7,267
	6,620	8,667

As at 31 December 2024, equipment of RMB Nil was pledged to the Group's other borrowings (2023: RMB7,815,000) (Note 29(b)).

Note:

(i) The Group carried out reviews of the recoverable amount of its cash generating unit ("CGU") without Shenzhen Yinxing in 2023 and 2024 as a result of the deterioration of the operating results of the CGU. These assets are used in the Group's integrated data technology services segment. The reviews led to the recognition of impairment losses of RMB1,100,000, RMB9,600,000 and RMB1,600,000 (2023: RMB3,100,000, RMB12,000,000, RMB2,700,000) on property and equipment, intangible assets and right-of-use assets respectively, that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The key assumptions including average annual growth rate, pre-tax discount rate used and terminal growth rate used in the value in use calculations are 5%, 15% and 3% (2023: 5%, 17%, and 2%) respectively.

14 INVESTMENT PROPERTY

	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	
Cost	–
Accumulated depreciation	–
Net book amount	–
Year ended 31 December 2024	
Opening net book amount	
Transfer from property and equipment (Note 13)	**8,736**
Depreciation	**(60)**
Closing net book amount	**8,676**
At 31 December 2024	
Cost	**15,257**
Accumulated depreciation	**(6,581)**
Net book amount	**8,676**

The fair value of the Group's investment property at 31 December 2024 was RMB11,000,000, which has been arrived at based on a valuation carried out by the directors of the Company. The fair value was determined based on direct comparison approach taking into account the recent transaction prices for similar properties. The fair value measurement is categorised into Level 2 hierarchy. In estimating the fair value of the fair value of the property, the highest and best use of the property is its current use.

The Group leases out its investment property under operating leases. The lease term is 2 years. All leases are on a fixed rental basis and do not include variable lease payments.

The Group's future undiscounted lease payments under operating leases are receivable as follows:

	2024 **RMB'000**
Within one year	**183**
One to two years	**168**
	351

15 INTANGIBLE ASSETS

	Goodwill (Note ii) RMB'000	Customer relationship (Note i) RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2023				
Cost	18,598	8,017	122,206	148,821
Accumulated amortisation	–	(2,335)	(35,200)	(37,535)
Accumulated impairment loss	–	–	(15,491)	(15,491)
Net book amount	18,598	5,682	71,515	95,795
Year ended 31 December 2023				
Opening net book amount	18,598	5,682	71,515	95,795
Additions	–	–	15,218	15,218
Disposals	–	–	(774)	(774)
Amortisation charge	–	(1,145)	(16,265)	(17,410)
Impairment loss (Note 13(i))	–	–	(12,000)	(12,000)
Currency translation differences	–	–	2	2
Closing net book amount	18,598	4,537	57,696	80,831
At 31 December 2023				
Cost	18,598	8,017	132,779	159,394
Accumulated amortisation	–	(3,480)	(47,592)	(51,072)
Accumulated impairment loss	–	–	(27,491)	(27,491)
Net book amount	18,598	4,537	57,696	80,831

15 INTANGIBLE ASSETS (CONTINUED)

	Goodwill (Note ii) RMB'000	Customer relationship (Note i) RMB'000	Computer software RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	**18,598**	**4,537**	**57,696**	**80,831**
Additions	**–**	**–**	**4,843**	**4,843**
Written off	**–**	**–**	**(27)**	**(27)**
Amortisation charge	**–**	**(1,145)**	**(15,749)**	**(16,894)**
Impairment loss (Note 13(i))	**–**	**–**	**(9,600)**	**(9,600)**
Currency translation differences	**–**	**–**	**5**	**5**
Closing net book amount	**18,598**	**3,392**	**37,168**	**59,158**
At 31 December 2024				
Cost	**18,598**	**8,017**	**137,589**	**164,204**
Accumulated amortisation	**–**	**(4,625)**	**(63,330)**	**(67,955)**
Accumulated impairment loss	**–**	**–**	**(37,091)**	**(37,091)**
Net book amount	**18,598**	**3,392**	**37,168**	**59,158**

During the year ended 31 December 2024, the Group has capitalised development costs of RMB4,066,000 where the software developed is ready for use (2023: RMB12,824,000).

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

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Administrative expenses	**12,044**	12,190
Research and development expenses	**4,850**	5,220
	16,894	17,410

15 INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Customer relationship

Customer relationships were acquired in the acquisition of Shenzhen YinXing. 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.

(ii) Goodwill

In 2024, goodwill mainly arose from the acquisition of Shenzhen YinXing. As at 31 December 2024, 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 2024, 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 2024 are as follows:

	Shenzhen Yinxing	
	2024	2023
Average annual growth rate	**7%**	7%
Pre-tax discount rate	**15%**	17%
Terminal growth rate	**3%**	2%

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 long-term average growth rate for the industry.

16 RIGHT-OF-USE ASSETS

	Properties RMB'000	Equipment RMB'000	Total RMB'000
At 1 January 2023			
Cost	29,951	20,334	50,285
Accumulated depreciation	(22,356)	(7,153)	(29,509)
Accumulated impairment loss	(1,216)	(2,537)	(3,753)
Net book amount	6,379	10,644	17,023
Year ended 31 December 2023			
Opening net book amount	6,379	10,644	17,023
Additions	9,747	–	9,747
Termination of leases	(2,612)	–	(2,612)
Depreciation	(4,555)	(2,549)	(7,104)
Impairment loss (Note 13(i))	(1,374)	(1,326)	(2,700)
Closing net book amount	7,585	6,769	14,354
At 31 December 2023			
Cost	16,738	20,334	37,072
Accumulated depreciation	(6,563)	(9,702)	(16,265)
Accumulated impairment loss	(2,590)	(3,863)	(6,453)
Net book amount	7,585	6,769	14,354
Year ended 31 December 2024			
Opening net book amount	**7,585**	**6,769**	**14,354**
Additions	**1,354**	**–**	**1,354**
Termination of leases	**(2,675)**	**–**	**(2,675)**
Depreciation	**(2,846)**	**(2,611)**	**(5,457)**
Impairment loss (Note 13(i))	**(564)**	**(1,036)**	**(1,600)**
Closing net book amount	**2,854**	**3,122**	**5,976**
At 31 December 2024			
Cost	**12,053**	**20,334**	**32,387**
Accumulated depreciation	**(6,045)**	**(12,313)**	**(18,358)**
Accumulated impairment loss	**(3,154)**	**(4,899)**	**(8,053)**
Net book amount	**2,854**	**3,122**	**5,976**

16 RIGHT-OF-USE ASSETS (CONTINUED)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Selling expenses	**22**	–
Administrative expenses	**1,964**	3,638
Research and development expenses	**3,471**	3,466
	5,457	7,104

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Unlisted equity securities, at fair value – analysed as non-current assets	**1,950**	–

The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

The unlisted equity securities represent 19.5% interests in an investee engaged in the investments of information technology, digital economy and data solution-related businesses.

18 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
– Trade and bill receivables (Note 19)	**90,660**	104,285
– Other receivables (Note 21)	**5,963**	6,819
– Pledged bank deposits (Note 23)	**329**	1,005
– Restricted bank deposits (Note 23)	**7,867**	–
– Cash and cash equivalents (Note 23)	**16,399**	113,257
	121,218	225,366
Financial assets at FVTOCI (Note 17)	**1,950**	–
	123,168	225,366
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
– Trade payables (Note 26)	**91,612**	91,594
– Bank and other borrowings (Note 29)	**108,660**	176,192
– Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses) (Note 27)	**14,480**	15,231
– Amount due to directors (Note 32(b))	**10,518**	–
	225,270	283,017

19 TRADE AND BILL RECEIVABLES

Trade and bill receivables analysis is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**154,318**	165,018
Less: allowance for expected credit losses	**(63,658)**	(62,308)
Trade receivables, net	**90,660**	102,710
Bill receivables	**–**	1,578
Less: allowance for expected credit losses	**–**	(3)
Bill receivables, net	**–**	1,575
Total trade and bill receivables, net	**90,660**	104,285

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**90,322**	103,956
USD	**338**	329
	90,660	104,285

The Group allows a credit period of up to 60 days to its customers.

Bill receivable represent the unconditional order in writing issued by a customer of the Group for completed sales which entitle the Group to collect a sum of money from the customer. The bill is non-interest bearing and has a maturity of six months.

19 TRADE AND BILL RECEIVABLES (CONTINUED)

As at 31 December 2024, trade receivables outstanding from certain specific customers of the Group of approximately RMB22,501,000 have been pledged to certain bank borrowings of the Group (2023: RMB12,795,000) (Note 29(a)).

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

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**(62,311)**	(47,660)
Increase in expected credit losses	**(1,347)**	(14,651)
At the end of the year	**(63,658)**	(62,311)

(a) The aging analysis of gross trade and bill receivables based on invoice date is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Up to 3 months	**64,347**	95,467
3 to 6 months	**5,171**	2,082
6 months to 1 year	**17,899**	9,073
Over 1 year	**66,901**	59,974
	154,318	166,596

19 TRADE AND BILL RECEIVABLES (CONTINUED)

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and bill receivables. To measure the expected credit losses, trade and bill receivables have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, aging profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Financial assets are written off when there is no reasonable expectation of recovery.

The allowance for expected credit losses on trade and bill receivables as of 31 December 2023 and 2024 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
31 December 2023:						
Weighted average expected loss rate	5%	2%	14%	10%	95%	
Gross carrying amount (RMB in thousand)	80,852	15,010	5,244	6,208	59,282	166,596
Allowance for expected credit losses (RMB in thousand)	4,296	345	713	608	56,349	62,311
31 December 2024:						
Weighted average expected loss rate	**3%**	**2%**	**10%**	**15%**	**90%**	
Gross carrying amount (RMB in thousand)	**50,800**	**14,989**	**5,826**	**17,303**	**65,400**	**154,318**
Allowance for expected credit losses (RMB in thousand)	**1,342**	**363**	**611**	**2,651**	**58,691**	**63,658**

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
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
Contract assets	**99,253**	104,779	147,378
Less: allowance for expected credit losses	**(32,600)**	(33,077)	(22,538)
	66,653	71,702	124,840
Contract liabilities	**(1,252)**	(997)	(1,907)

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

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**(33,077)**	(22,538)
Decrease/(increase) in expected credit losses	**477**	(10,539)
At the end of the year	**(32,600)**	(33,077)

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress. Except for several customers with contract assets amounted to approximately RMB32,095,000 (2023: RMB32,095,000) has been fully provided in view of increase in credit risk, the remaining balances substantially have the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

20 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The allowance for expected credit losses on contract assets as of 31 December 2023 and 2024 are determined as follows:

	Current	Increase in credit risk	Total
31 December 2023:			
Weighted average expected loss rate	1%	100%	
Gross carrying amount (RMB in thousand)	72,684	32,095	104,779
Allowance for expected credit losses (RMB in thousand)	982	32,095	33,077
31 December 2024:			
Weighted average expected loss rate	**1%**	**100%**	
Gross carrying amount (RMB in thousand)	**67,158**	**32,095**	**99,253**
Allowance for expected credit losses (RMB in thousand)	**505**	**32,095**	**32,600**

The following table shows the revenue recognised during the years ended 31 December 2023 and 2024 related to carried-forward contract liabilities:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the year	**997**	1,907

21 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments		
Prepaid expenses	**5,081**	5,561
Other receivables		
Utilities and other deposits (Note i)	**3,158**	3,965
Other receivables	**4,604**	2,854
Other receivables due from other investors of an associate (Note 22(i))	**2,079**	2,079
	9,841	8,898
Less: allowance for expected credit losses	**(3,878)**	(2,079)
	5,963	6,819

Notes:

(i) Pledged deposit of RMB Nil (2023: RMB1,000,000) with an independent third party which is pledged for other borrowings of RMB Nil (2023: RMB2,464,000) as at 31 December 2024 (Note 29(b)).

21 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of other receivables approximated their fair values at each reporting date. The other receivables are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**5,822**	6,800
HKD	**141**	19
	5,963	6,819

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**(2,079)**	–
Increase in expected credit losses	**(1,799)**	(2,079)
At the end of the year	**(3,878)**	(2,079)

22 INVESTMENT IN ASSOCIATES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
As at 1 January	**14,761**	19,245
Disposal of an associate (Note (ii))	**–**	(2,359)
Deregistration of an associate (Note (i))	**–**	(2,109)
Share of losses of associates	**(463)**	(16)
As at 31 December	**14,298**	14,761

22 INVESTMENT IN ASSOCIATES (CONTINUED)

Note:

(i) On 7 December 2021, the Group entered into a shareholder agreement with two independent third parties investors to invest 30% of the issued share capital in 深圳數希科技有限公司("Shenzhen Shuxi"), at a consideration of approximately RMB3,000,000. The capital was invested by the Group during the year ended 31 December 2022.

On 7 July 2023, due to deteriorated financial performance of Shenzhen Shuxi, the Group and other two investors agreed to deregister Shenzhen Shuxi. The financial position of Shenzhen Shuxi as at the date of deregistration is as below:

	RMB'000
Net assets of Shenzhen Shuxi at the date of deregistration	7,030
30% share of net assets attributed to the Group	2,109
Less: Remaining bank balances of Shenzhen Shuxi to be received by the Group	(30)
Amounts due from other investors of Shenzhen Shuxi (Note 21)	2,079

As the other two investors did not invest any capital to Shenzhen Shuxi yet, the amounts due from other investors amounted to RMB2,079,000 (Note 21) represents their shares of losses of Shenzhen Shuxi and to be reimbursed to the Group.

However, the Group assessed that those two investors were in financial difficulties and did not have financial capability to repay the debts, expected credit losses are fully provided on amounts due from those two investors. (Note 21)

(ii) On 24 May 2023, the Group disposed of 24% interest in an associate, Suoxinda (Shenzhen) Software Technology Co., Ltd. 索信達(深圳)軟件技術有限公司 ("Suoxinda Software"), to a third party for consideration of RMB2,448,000. Before the disposal, the Group owned 30% interest in Suoxinda Software and the investment was previously accounted for as an investment in an associate using the equity method of accounting. The Group has retained the remaining 6% interest and classified the retained investment as financial assets at FVTPL. This transaction has resulted in the Group recognised a gain of approximately RMB701,000 in profit or loss.

	RMB'000
Cash proceeds	2,448
Add: fair value of 6% retained interests in Suoxinda Software held by the Group	612
Less: Carrying amount of the 30% investment on the date of loss of significant influence of Suoxinda Software	(2,359)
Gain on disposal of investment in an associate (Note 6)	701

On 20 July 2023, the Group further disposed the remaining 6% interest in Suoxinda Software, which was reclassified as financial assets at FVTPL, to a third party for consideration of RMB612,000.

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 2024	2023	Principal activities
Caixin (Nanjing Jiangbei New District) Financial Technology Research Co., Ltd. (賽信(南京江北新區)金融科技研究院有限公司)	Mainland China, 4 January 2019	RMB2,000,000	**20.00%**	20.00%	Provision of data solutions
Shenzhen JiChuang Investment Enterprise (Limited Partnership) ("Shenzhen JiChuang") (深圳極創投資企業(有限合夥))	Mainland China, 28 May 2018	RMB35,000,000	**28.57%**	28.57%	Investment management

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 2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets	**47,787**	51,655
Current assets	**2,251**	5
Total assets and net assets	**50,038**	51,660

22 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
(Loss)/profit and total comprehensive (loss)/income	**(1,622)**	1,700

Reconciliation of summarised financial information

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Opening net assets	**51,660**	49,960
(Loss)/profit and total comprehensive (loss)/income for the year	**(1,622)**	1,700
Closing net assets	**50,038**	51,660
Group's share in %	**28.57%**	28.57%
Group's share in RMB	**14,296**	14,759
Carrying amount of the investment	**14,296**	14,759

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.

	2024	2023
	RMB'000	RMB'000
As at 31 December:		
Carrying amounts of interests	**2**	2
Year ended 31 December:		
Loss and total comprehensive loss	**–**	(502)

23 CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND PLEDGED BANK DEPOSITS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at bank	**16,398**	113,257
Cash on hand	**1**	–
Cash and cash equivalents	**16,399**	113,257
Pledged bank deposits (Note i)	**329**	1,005
Restricted bank deposits (Note 39)	**7,867**	–
Maximum exposure to credit risk	**24,595**	114,262

Cash and cash equivalents, restricted bank deposits and pledge bank deposits are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**23,129**	87,697
USD	**80**	96
HKD	**1,386**	26,469
	24,595	114,262

Note:

(i) As at 31 December 2024, bank deposits of approximately RMB329,000 (2023: approximately RMB1,005,000) 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 2024, the Group had cash and cash equivalents, restricted bank deposits and pledged bank deposits amounting to approximately RMB23,118,000 (2023: approximately RMB87,697,000), 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 of HK$0.01 each	Nominal value of ordinary shares RMB'000
Authorised:			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		**2,000,000,000**	**17,890**
Issued:			
As at 1 January 2023		**467,068,036**	**4,153**
Issuance of new shares	(i)	**193,800,000**	**1,797**
As at 31 December 2023, 1 January 2024 and 31 December 2024		**660,868,036**	**5,950**

Note:

(i) On 15 January 2023, the Company entered into agreements with general mandate subscribers for subscription of Company's shares at the subscription price of HK$0.645 per share. On 22 February 2023, the Company completed the issuance of 50,800,000 new shares to those subscribers to raise gross proceeds up to approximately RMB30,384,000, and net of shares issues expenses of approximately RMB908,000. On 19 March 2023, the Company entered into agreements with specific mandate subscribers for subscription of Company's shares at the subscription price of HK$0.76 per share. On 29 June 2023, the Company completed the issuance of 143,000,000 new shares to those subscribers to raise gross proceeds up to approximate RMB100,779,000, and net of shares issues expenses of approximately RMB2,861,000. For details, please refer to the Company's announcements on 15 January 2023, 22 February 2023, 19 March 2023, 24 April 2023, 25 May 2023 and 29 June 2023 respectively.

25 OTHER RESERVES

	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Share-based payment reserve RMB'000 (Note ii)	Other Reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000 (Note iii)	Total RMB'000
Balance at 1 January 2023	181,237	67,373	26,308	(56)	(1,892)	20,893	293,863
Other comprehensive loss							
Currency translation differences	–	–	–	–	(2,379)	–	(2,379)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 24(i))	125,597	–	–	–	–	–	125,597
Share-based payments (Note ii)	–	–	(2,702)	–	–	–	(2,702)
Transfer to statutory reserve (Note iii)	–	–	–	–	–	596	596
	125,597	–	(2,702)	–	–	596	123,491
Balance at 31 December 2023	306,834	67,373	23,606	(56)	(4,271)	21,489	414,975
Balance at 1 January 2024	**306,834**	**67,373**	**23,606**	**(56)**	**(4,271)**	**21,489**	**414,975**
Other comprehensive loss							
Currency translation differences	**-**	**-**	**-**	**-**	**924**	**-**	**924**
Transactions with owners in their capacity as owners							
Share-based payments (Note ii)	**-**	**-**	**(1,306)**	**-**	**-**	**-**	**(1,306)**
Transfer to statutory reserve (Note iii)	**-**	**-**	**-**	**-**	**-**	**424**	**424**
	-	**-**	**(1,306)**	**-**	**-**	**424**	**(882)**
Balance at 31 December 2024	**306,834**	**67,373**	**22,300**	**(56)**	**(3,347)**	**21,913**	**415,017**

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 and the differences between the capital contribution by non-controlling interests and the carrying amount of the non-controlling interests attributable to the reduction of Group's equity interests in subsidiaries.

(ii) The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options and awarded shares granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.30 to the consolidated financial statements.

(iii) The balance is reserved by the subsidiaries in the Mainland China in accordance with the relevant Mainland China regulations. The Mainland China laws and regulations require companies registered in Mainland China to provide for certain statutory reserve, which is to be appropriated from the net profit (after offsetting accumulated loss from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. Mainland China Company is required to appropriate 10% of statutory net profits to statutory reserve, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contributions to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

26 TRADE PAYABLES

Trade payables analysis is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	**91,612**	91,594

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 to 30 days	**30,140**	67,256
31 to 60 days	**29,938**	5,075
61 to 90 days	**1,640**	3,961
Over 90 days	**29,894**	15,302
	91,612	91,594

26 TRADE PAYABLES (CONTINUED)

The carrying amounts of the trade payables approximate their fair values as at 31 December 2023 and 2024. The trade payables are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**91,591**	91,573
USD	**21**	21
	91,612	91,594

27 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Accrued salaries and wages	**9,997**	11,493
Other tax payables	**11,568**	17,252
Payables for purchase of equipment and intangible assets	**–**	900
Amount due to a precedent director (Note 31)	**–**	4,790
Interest payables on other borrowings (Note 29(b) and 33)	**2,636**	1,009
Other payables	**11,844**	8,532
	36,045	43,976

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 2023 and 2024. The carrying amounts of the accruals and other payables (excluding non-financial liabilities) are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**9,821**	10,513
HKD	**4,659**	4,712
USD	**–**	6
	14,480	15,231

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	
	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**9,330**	8,853
Deferred tax liabilities	**(508)**	(680)
	8,822	8,173

28 DEFERRED TAXATION (CONTINUED)

The net movement on the deferred income tax assets/(liabilities) of the Group is as follows:

	Decelerated tax depreciation RMB'000	Net impairment losses on financial and contract assets RMB'000	Fair value adjustment on assets and liabilities upon acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2023	2,552	5,875	(852)	7,575
Credited/(charged) to the consolidated statement of comprehensive income (Note 10)	690	(264)	172	598
At 31 December 2023	3,242	5,611	(680)	8,173
At 1 January 2024	**3,242**	**5,611**	**(680)**	**8,173**
Credited to the consolidated statement of comprehensive income (Note 10)	**285**	**192**	**172**	**649**
At 31 December 2024	**3,527**	**5,803**	**(508)**	**8,822**

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 2024 in respect of the tax losses in the amount of approximately RMB339,040,000 (2023: RMB243,131,000) due to the unpredictability of future profit streams. These tax losses will expire by 31 December 2034 (2023: 31 December 2033).

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 2024, deferred income tax liabilities of RMB1,441,000 (2023: RMB1,078,000) 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 2024. 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	
	2024	2023
	RMB'000	RMB'000
Non-current		
Bank borrowings (Note (a))	**10,000**	10,000
Current		
Bank borrowings (Note (a))	**19,500**	64,728
Other borrowings (Note (b))	**79,160**	101,464
	98,660	166,192
Total	**108,660**	176,192

29 BANK AND OTHER BORROWINGS (CONTINUED)

(a) Bank borrowings

The bank loans due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**19,500**	64,728
One to two years	**10,000**	–
Two to five years	**–**	10,000
	29,500	74,728
Less: portion classified as current liabilities	**(19,500)**	(64,728)
Portion classified as non-current liabilities	**10,000**	10,000

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

The weighted average interest rate is approximately 4.2% per annum for the year ended 31 December 2024 (2023: approximately 4.2%).

As at 31 December 2024, the Group had aggregate banking facilities of RMB29,500,000 (2023: RMB100,000,000). Unused facilities as at the same date amounted to RMB Nil (2023: approximately RMB25,272,000). The Group's banking facilities are secured and/or guaranteed by:

(i) corporate guarantee from independent third parties of RMB9,500,000 as at 31 December 2024 (2023: RMB5,000,000);

(ii) pledged bank deposits of approximately RMB329,000 held at bank as at 31 December 2024 (2023: approximately RMB1,005,000) (Note 23);

(iii) trade receivables outstanding from certain specific customers of the Group of approximately RMB22,501,000 as at 31 December 2024 (2023: approximately RMB12,795,000) (Note 19); and

(iv) personal guarantees from legal representatives of two subsidiaries (2023: Mr. Xue Shouguang ("Mr. Xue") (Note 34), Mr. Chen Zhenping ("Mr. Chen") (Note 34), and a legal representative of a subsidiary).

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	
	2024	2023
	RMB'000	RMB'000
On demand	**20,000**	20,000
Within one year	**59,160**	81,464
	79,160	101,464
Less: portion classified as current liabilities	**(79,160)**	(101,464)
Portion classified as non-current liabilities	**–**	–

In June 2022, the Group entered into a sale and leaseback agreement with an independent third party to obtain a loan at a principal amount of RMB11,000,000. The loan bear interest at 9.2% per annum and is repayable in equal monthly instalments by 2024. The loan is secured by certain equipment of the Group of approximately RMB7,815,000 (Note 13) and other deposits of the Group amounting to RMB1,000,000 (Note 21(i)) as at 31 December 2023. All instalments were fully repaid in 2024.

In August and October 2023, the Group entered into certain loans agreements with two independent third parties to obtain loans at principal amounts of RMB20,000,000 and RMB59,000,000 respectively. The loans are unsecured, bears interest at 6% per annum and repayable by February 2024. Both loans were fully repaid in 2024.

In February, March, September and November 2024, the Group entered into certain loans agreements with an independent third party to obtain loans at principal amounts of RMB15,000,000, RMB5,000,000, RMB40,000,000 and RMB10,000,000 respectively. The loans are unsecured, bears interest at 6% per annum and repayable by March, April and May 2025 respectively.

29 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Other borrowings (Continued)

At 31 December 2023, the convertible loans of Ruihe Data (Beijing) Technology Co., Ltd. ("Ruihe (Beijing)"), an indirect wholly owned subsidiary of the Company, were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings (Note 33). On 11 October 2024, the Group received a loan assignment notice from the Investor, specifying that the Investor has assigned all of its rights under the agreements related to convertible loans to the new investor. For further details, please refer to the Company's announcement dated 14 October 2024. Up to the date of approval for issuance of the consolidated financial statements, the Group is still in the progress of negotiations with the new investor for a possible resolution on repayment plan. The loans are secured by certain shares of the Company held by a substantial shareholder and two directors of the Company and personal guarantee from a precedent director.

The carrying amounts of bank and other borrowings approximate their fair values as at 31 December 2023 and 2024.

30 LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**3,888**	5,719
One to two years	**1,692**	3,975
Two to five years	**–**	2,503
Total lease payments	**5,580**	12,197
Less: future finance charges	**(240)**	(841)
Total lease liabilities	**5,340**	11,356
Less: portion classified as current liabilities	**(3,680)**	(5,207)
	1,660	6,149

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 RMB938,000 for the year ended 31 December 2024 (2023: RMB1,095,000) 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 2024 is RMB4,478,000 (2023: RMB5,106,000).

The total lease commitment related to short-term leases as at 31 December 2024 is RMB Nil (2023: RMB Nil).

31 CASH USED IN OPERATIONS

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Loss before income tax	**(74,416)**	(111,179)
Adjustments for:		
Equity-settled share-based payments	**(1,306)**	(2,702)
Share of losses of associates	**463**	16
Gain on leases termination	**(1,571)**	(116)
Depreciation of property and equipment	**6,620**	8,667
Depreciation of investment property	**60**	–
Amortisation of intangible assets	**16,661**	17,260
Depreciation of right of use assets	**5,457**	7,104
Impairment loss on property and equipment	**1,100**	3,100
Impairment loss on intangible assets	**9,600**	12,000
Impairment loss on right-of-use assets	**1,600**	2,700
ECLs on trade and bill receivables	**1,347**	14,651
(Reversal of ECLs)/ECLs on contract assets	**(477)**	10,539
ECLs on other receivables	**1,799**	2,079
(Gain)/loss on disposals of property and equipment	**(156)**	835
Loss on written off of property and equipment	**18**	91
Loss on disposals of intangible assets	**–**	759
Loss on written off of intangible assets	**27**	–
Gain on disposal of an investment in an associate	**–**	(701)
Finance costs, net	**8,889**	7,478
Fair value change of financial liabilities at FVTPL	**–**	2,681
Operating cash flows before changes in working capital	**(24,285)**	(24,738)
Changes in working capital:		
Decrease/(increase) in trade and bill receivables	**12,278**	(36,614)
Increase in prepayments and other receivables	**(1,463)**	(5,584)
Decrease in contract assets/liabilities, net	**5,781**	41,689
Increase in trade payables	**18**	17,274
Decrease in accruals and other payables	**(8,658)**	(30,472)
Cash used in operations	**(16,329)**	(38,445)

31 CASH USED IN OPERATIONS (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Property and equipment		
Net book value	**138**	975
Gain/(loss) on disposals of property and equipment	**156**	(835)
Proceeds from disposals of property and equipment	**294**	140

In the consolidated statement of cash flows, proceeds from disposals of intangible assets comprise:

	2024 RMB'000	2023 RMB'000
Intangible assets		
Net book value	**–**	774
Loss on disposals of intangible assets	**–**	(759)
Proceeds from disposals of intangible assets	**–**	15

(a) Non-cash transactions

During the year ended 31 December 2024, additions to the right-of-use assets amounted to RMB1,354,000 (2023: RMB9,747,000).

31 CASH USED IN OPERATIONS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amount due to directors RMB'000	Financial Liabilities at FVTPL RMB'000
Net debt as at 1 January 2023	(81,591)	(7,764)	(25,053)	(41,981)
Cash flows	(74,601)	4,011	20,263	23,653
Termination – leases	–	2,728	–	–
Acquisition – leases	–	(9,747)	–	–
Lease interests	–	(584)	–	–
Fair value change on financial liabilities at FVTPL (Note 33)	–	–	–	(2,681)
Reclassification of principal amount of loans from financial liabilities at FVTPL to other borrowings (Note 33)	(20,000)			20,000
Reclassification of interest payables on loans from financial liabilities at FVTPL to other payables (Note 33)	–	–	–	1,009
Reclassification to other payables (Note 27)	–	–	4,790	–
Net debt as at 31 December 2023	(176,192)	(11,356)	–	–
Cash flows	67,532	3,540	(10,518)	–
Termination – leases	–	4,246	–	–
Acquisition – leases	–	(1,354)	–	–
Lease interests	–	(416)	–	–
Net debt as at 31 December 2024	**(108,660)**	**(5,340)**	**(10,518)**	**–**

32 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.

(a) Key management compensation

The compensation paid or payable to key management for employee services during the years ended 31 December 2023 and 2024 are shown below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, fees and allowances	**5,286**	5,436
Retirement benefit contributions	**282**	363
Equity-settled share-based payments	**94**	977
	5,662	6,776

(b) Related parties balances

Details of the amounts due to directors as at 31 December 2023 and 2024 are shown below:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Amount due to directors		
Mr. Xue (Note i)	**9,099**	–
Mr. Chen (Note ii)	**1,160**	–
Ms. Zhao (Note iii)	**76**	–
Mr. Fei (Note iii)	**183**	–
	10,518	–

32 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Related parties balances (Continued)

Notes:

(i) The amount due to Mr. Xue as at 31 December 2024 was unsecured and repayment on demand, of which approximately RMB8,500,000 bore interests at 6% per annum, while the remaining balances of approximately RMB599,000 were interest-free.

(ii) The amount due to Mr. Chen as at 31 December 2024 was unsecured and repayment on demand, of which RMB500,000 bore interests at 6% per annum, while the remaining balances of approximately RMB660,000 were interest-free.

(iii) The amounts due to directors as at 31 December 2024 were unsecured, interest-free and repayment on demand.

33 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On 19 May 2022, Ruihe (Beijing), an indirectly wholly owned subsidiary of the Company, issued convertible loans with a principal amount of RMB40,000,000.

The loans are convertible at the option of the noteholders into the conversion capital and/or the subscription of additional capital of Ruihe (Beijing) subjected to the conversion conditions. The conversion price shall be determined with reference to asset appraisal of Ruihe (Beijing) to be conducted by third party valuer at the time of conversion, and shall be no more than 70% of the subscription price paid by third party investors in cash for the registered capital of Ruihe (Beijing) during the last round of financing conducted by Ruihe (Beijing) before the conversion and further the pre-money valuation of Ruihe (Beijing) shall not be more than RMB900 million. Any convertible loans not converted will be redeemed upon the issuance of repayment notice by the investor to Ruihe (Beijing) at any time on or after 1 January 2023 and in no event later than 31 December 2023 at their principal amount. Interest of 8% will be paid annually up until that settlement date. The convertible loans are secured by certain shares of the Company held by a substantial shareholder and two directors of the Company and personal guarantee from a precedent director.

33 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

For details, please refer to the Company's announcements on 19 April 2022.

The Group designated the convertible loans as financial liabilities at fair value through profit or loss.

During the year ended 31 December 2023, the Company repaid certain convertible loans with a principal amount of RMB20,000,000.

At 31 December 2023, the convertible loans of Ruihe (Beijing) were on demand for repayment as the investor decided not to exercise the conversion option and redeemed the outstanding loans at their principal amounts of RMB20,000,000. Therefore, the outstanding loans of RMB20,000,000 were reclassified from financial liabilities at FVTPL to other borrowings (Note 29(b)). Up to the date of approval for issuance of the consolidated financial statements, the Group is still in the progress of negotiations with the investor for a possible resolution on repayment plan.

The movement of financial liabilities at FVTPL during the year ended 31 December 2023 are as follows:

	Year ended 31 December 2023 RMB'000
At 1 January	41,981
Interests paid	(3,653)
Repayments of principal amount	(20,000)
Outstanding principal amount reclassified to other borrowings (Note 29(b))	(20,000)
Interest payables reclassified to other payables (Note 27)	(1,009)
Fair value change (Note 7)	2,681
At 31 December	–

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 2023 and 2024 are as follows:

Year ended 31 December 2023

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution of a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Equity-settled share-based payment RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking RMB'000	Total RMB'000
Executive directors									
Mr. Xue Shouguang (Note viii)	50	50	–	–	–	–	–	–	100
Ms. Zhao Yiqing (Note ix)	50	135	–	48	5	–	–	–	238
Mr. Shi Banchao (Note iv)	109	418	–	53	54	–	112	–	746
Mr. Song Hongtao (Note i)	2	17	–	–	6	–	–	–	25
Non-executive directors									
Dr. Wu Fu-Shea (Note ii)	109	470	–	–	–	–	–	–	579
Mr. Chen Zhenping (Note xiv)	109	–	–	–	–	–	–	–	109
Mr. Wu Xiaohua (Note x)	109	246	–	55	38	–	–	–	448
Ms. Zhao Yue (Note v)	59	–	–	–	–	–	–	–	59
Independent Non-Executive Directors									
Mr. Yang Haifeng (Note xv)	109	–	–	–	–	–	–	–	109
Ms. Dan Xi (Note vii)	107	–	–	–	–	–	–	–	107
Mr. Fei Xiang (Note xi)	50	–	–	–	–	–	–	–	50
Dr. Chen Wei (Note vi)	59	–	–	–	–	–	–	–	59
Mr. Tu Xinchun (Note iii)	2	–	–	–	–	–	–	–	2
	924	1,336	–	156	103	–	112	–	2,631

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

Year ended 31 December 2024

	Emoluments paid or receivable in respect of a person's services as management, whether of the Company or its subsidiaries undertaking								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution of a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Equity-settled share-based payment RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking RMB'000	Total RMB'000
Executive directors									
Mr. Xue Shouguang (Note viii)	111	111	-	-	12	-	-	-	234
Ms. Zhao Yiqing (Note ix)	111	512	-	-	21	-	-	-	644
Mr. Fei Xiang (Note xi)	111	463	-	-	20	-	-	-	594
Mr. Shi Banchao (Note iv)	3	-	-	-	-	-	-	-	3
Non-executive directors									
Dr. Wu Fu-Shea (Note ii)	111	-	-	-	-	-	-	-	111
Mr. Chen Zhenping (Note xiv)	92	-	-	-	-	-	-	-	92
Mr. Wu Xiaohua (Note x)	111	120	-	-	32	-	-	-	263
Independent Non-Executive Directors									
Mr. Yang Haifeng (Note xv)	111	-	-	-	-	-	-	-	111
Dr. Jin Yong (Note xii)	44	-	-	-	-	-	-	-	44
Dr. Tian Yu (Note xiii)	88	-	-	-	-	-	-	-	88
Ms. Dan Xi (Note vii)	28	-	-	-	-	-	-	-	28
	921	1,206	-	-	85	-	-	-	2,212

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

Notes:

(i) Mr. Song Hongtao acted as Chairman of the Board and was re-designated from a non-executive director to an executive director and act as Chairman of the Board with effect from 15 July 2022. Mr. Song was resigned as the Chairman on 4 November 2022 and was also resigned as an executive director with effect from 6 January 2023.

(ii) Mr. Wu Fu-Shea was re-designated from an executive director to a non-executive director, resigned as the Chief Executive Officer and was appointed as the Chairman of the Board with effect from 4 November 2022. Mr. Wu resigned as the Chairman of the Board and remained to act as a non-executive director with effect from 18 July 2023.

(iii) Mr. Tu Xinchun was resigned as an independent non-executive director with effect from 6 January 2023.

(iv) Mr. Shi Banchao was appointed as an executive director and as the Chief Executive officer with effect from 4 November 2022. Mr. Shi resigned as the Chief Executive officer on 18 July 2023 and also resigned as an executive director with effect from 8 January 2024.

(v) Ms. Zhao Yue was appointed as a non-executive director with effect from 4 November 2022 and resigned on 18 July 2023.

(vi) Dr. Chen Wei was appointed as an independent non-executive director with effect from 28 March 2022 and resigned on 18 July 2023.

(vii) Ms. Dan Xi was appointed as an independent non-executive director with effect from 6 January 2023 and resigned on 14 March 2024.

(viii) Mr. Xue Shouguang was appointed as an executive director, the Chairman of the Board and the Chief Executive Officer with effect from 18 July 2023.

(ix) Ms. Zhao Yiqing was appointed as an executive director with effect from 18 July 2023.

(x) Mr. Wu Xiaohua was re-designated from an executive director to a non-executive director with effect from 18 July 2023.

(xi) Mr. Fei Xiang was appointed as an independent non-executive director with effect from 18 July 2023. He was re-designated from a non-executive director to an executive director with effect from 8 January 2024 and subsequently re-designated from an executive director to a non-executive director on 4 March 2025.

(xii) Dr. Jin Yong was appointed as an independent non-executive director with effect from 14 March 2024 and was resigned on 4 March 2025.

(xiii) Dr. Tian Yu was appointed as an independent non-executive director with effect from 14 March 2024.

(xiv) Mr. Chen Zhenping resigned as a non-executive director with effect from 4 March 2025.

(xv) Mr. Yang Haifeng resigned as an independent non-executive director with effect from 4 March 2025.

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

Notes (Continued):

There was no arrangement under which a director waived or agreed to waive any emolument during the year ended 31 December 2024 (2023: Nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2023: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2024: Nil).

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

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: 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 2024 (2023: 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 2024 (2023: 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	Issued and registered capital	Effective equity interest held 2024	Effective equity interest held 2023	Principal activities
Directly held subsidiaries					
Prophet Technology Ltd. (先知科技有限公司)	British Virgin Islands	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	16,500 ordinary shares HKD16,500	**100%**	100%	Investment holding
Hongkong Hongsheng Investment Co., Ltd.(香港泓盛投資有限公司)	Hong Kong	10,000 ordinary shares HKD10,000	**100%**	100%	Investment holding
Suoxinda Shenzhen (深圳索信達數據技術有限公司)[1]	Mainland China	Registered capital 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
Ruihe Beijing (瑞和數智(北京)科技有限公司) (formerly named as Suoxinda (Beijing) Data Technology Co., Ltd. (索信達(北京)數據技術有限公司))	Mainland China	Registered capital 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
Ruihe Data Technology (HK) Co. Ltd. (瑞和數智科技(香港)有限公司) (formerly named as Sourcing Industrial Development (HK) Co., Ltd. (索信實業發展(香港)有限公司))	Hong Kong	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	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

35 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place of incorporation	Issued and registered capital	Effective equity interest held 2024	Effective equity interest held 2023	Principal activities
Zhejiang Suoxinda Data Technology Co., Ltd. (浙江索信達數據技術有限公司)[1]	Mainland China	Registered capital USD15,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Suoxinda (Suzhou) Data Technology Co., Ltd. (索信達(蘇州)數據技術有限公司)[1]	Mainland China	Registered capital USD10,000,000	**100%**	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services
Ruihe Shuzhi (Shenzhen) New Material Technology Co., Ltd. (瑞和數智(深圳)新材料科技有限公司)	Mainland China	Registered capital RMB30,000,000	**100%**	100%	Trading of commodities
Shenzhen YinXing (深圳銀興智能數據有限公司)	Mainland China	Registered capital RMB10,000,000	**50.6%**	50.6%	Provision of data solutions, sales of hardware and software and related services as an integrated service
江蘇索信達數據技術有限公司	Mainland China	Registered capital RMB10,000,000	**51%**	51%	Provision of data solutions, sales of hardware and software and related services as an integrated service and trading of commodities
瑞和數智(福建)科技產業有限公司[2]	Mainland China	Registered capital RMB10,000,000	**100%**	N/A	Provision of data solutions, sales of hardware and software and related services as an integrated service

1. These are registered as wholly foreign-owned and limited liability companies under PRC law.

2. The subsidiary was established by the Group in 2024.

All of the above subsidiaries are limited liability Company. None of the subsidiaries had issued any debt securities during the year or at the end of the year.

36 NON-CONTROLLING INTERESTS

The table below details of non-wholly owned subsidiaries of the Group, which have material non-controlling interests:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Shenzhen YinXing	**1,038**	257	**22,049**	21,011
Individually immaterial subsidiaries with non-controlling interests	**(84)**	(33)	**373**	457
	954	224	**22,422**	21,468

Summarised financial information in respect of the Group's subsidiary, i.e. Shenzhen Yinxing, that has material non-controlling interests is set out below.

Shenzhen YinXing is a subsidiary with 49.4% (2023: 49.4%) non-controlling interests that are material to the Group.

Summarised statement of financial position

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current assets	**82,460**	73,363
Current liabilities	**(63,838)**	(57,302)
Net current assets	**18,622**	16,061
Non-current assets	**10,504**	10,651
Non-current liabilities	**(991)**	(680)
Net non-current assets	**9,513**	9,971
Net assets	**28,135**	26,032

36 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	**100,113**	84,932
Profit for the year	**2,103**	520
Profit attributable to non-controlling interests	**1,038**	257

Summarised statement of cash flows

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Net cash generated from operating activities	**6,179**	3,108
Net cash used in investing activities	**(2,577)**	(3,792)
Net cash (used in)/generated from financing activities	**(5,544)**	2,506
Net (decrease)/increase in cash and cash equivalents	**(1,942)**	1,822

37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**66,622**	66,622
		66,622	66,622
Current assets			
Amount due from subsidiaries		**2,307**	40,908
Other receivables		**109**	19
Cash and cash equivalents		**1,015**	25,606
		3,431	66,533
Total assets		**70,053**	133,155
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	**5,950**	5,950
Other reserves	(a)	**401,373**	395,917
Accumulated losses	(a)	**(384,864)**	(306,028)
Total equity		**22,459**	95,839
LIABILITIES			
Current liabilities			
Accruals and other payables		**4,813**	5,789
Amounts due to subsidiaries		**42,781**	31,527
Total liabilities		**47,594**	37,316
Total equity and liabilities		**70,053**	133,155

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)	Share-based payment reserve RMB'000 (Note 25(ii))	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	181,237	69,451	26,308	(56)	(1,806)	(196,528)	78,606
Comprehensive loss							
Loss for the year	–	–	–	–	–	(109,500)	(109,500)
Other comprehensive loss							
Currency translation differences	–	–	–	–	(2,112)	–	(2,112)
Total comprehensive loss for the year	–	–	–	–	(2,112)	(109,500)	(111,612)
Transactions with owners in their capacity as owners							
Issuance of new shares (Note 24(i))	125,597	–	–	–	–	–	125,597
Share-based payments (Note 25(ii))	–	–	(2,702)	–	–	–	(2,702)
At 31 December 2023	306,834	69,451	23,606	(56)	(3,918)	(306,028)	89,889

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)	Share-based payment reserve RMB'000 (Note 25(ii))	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	306,834	69,451	23,606	(56)	(3,918)	(306,028)	89,889
Comprehensive loss							
Loss for the year	-	-	-	-	-	(78,836)	(78,836)
Other comprehensive income							
Currency translation differences	-	-	-	-	6,762	-	6,762
Total comprehensive loss for the year	-	-	-	-	6,762	(78,836)	(72,074)
Transactions with owners in their capacity as owners							
Share-based payments (Note 25(ii))	-	-	(1,306)	-	-	-	(1,306)
At 31 December 2024	306,834	69,451	22,300	(56)	2,844	(384,864)	16,509

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

(a) Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, directors, consultants, customers and suppliers of the Company and the Company's subsidiaries. The Scheme became effective on 8 June 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HKD5 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 HKD0.01 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.

38 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

On 28 December 2021, 274,100 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

On 8 April 2022, 1,582,733 share options were granted to the Company's selected employees. None of the options grantees was a director, chief executive or substantial shareholder of the Company or any of their respective associates.

Details of the specific categories of share options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HKD
2021A	28 December 2021	29 December 2021 – 31 March 2022	1 April 2022 – 7 June 2030	6.33
2021B	28 December 2021	29 December 2021 – 31 March 2023	1 April 2023 – 7 June 2030	6.33
2021C	28 December 2021	29 December 2021 – 31 March 2024	1 April 2024 – 7 June 2030	6.33
2021D	28 December 2021	29 December 2021 – 31 March 2025	1 April 2025 – 7 June 2030	6.33
2021E	28 December 2021	29 December 2021 – 31 March 2026	1 April 2026 – 7 June 2030	6.33
2022A	8 April 2022	9 April 2022 – 31 March 2023	1 April 2023 – 7 June 2030	5.38
2022B	8 April 2022	9 April 2022 – 31 March 2024	1 April 2024 – 7 June 2030	5.38
2022C	8 April 2022	9 April 2022 – 31 March 2025	1 April 2025 – 7 June 2030	5.38
2022D	8 April 2022	9 April 2022 – 31 March 2026	1 April 2026 – 7 June 2030	5.38

38 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

The following table discloses movements of the Scheme during the year:

For the year ended 31 December 2023

	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2021A	17,500	–	–	–	–	17,500	17,500
2021B	68,525	–	30,025	–	–	38,500	38,500
2021C	68,525	–	44,025	–	–	24,500	–
2021D	68,525	–	44,025	–	–	24,500	–
2021E	51,025	–	44,025	–	–	7,000	–
2022A	395,683	–	145,493	–	–	250,190	250,190
2022B	395,683	–	214,604	–	–	181,079	–
2022C	395,683	–	214,604	–	–	181,079	–
2022D	395,684	–	214,619	–	–	181,065	–
	1,856,833	–	951,420	–	–	905,413	306,190

For the year ended 31 December 2024

	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2021A	**17,500**	**-**	**-**	**-**	**-**	**17,500**	**17,500**
2021B	**38,500**	**-**	**-**	**-**	**-**	**38,500**	**38,500**
2021C	**24,500**	**-**	**7,000**	**-**	**-**	**17,500**	**17,500**
2021D	**24,500**	**-**	**7,000**	**-**	**-**	**17,500**	**-**
2021E	**7,000**	**-**	**7,000**	**-**	**-**	**-**	**-**
2022A	**250,190**	**-**	**-**	**-**	**-**	**250,190**	**250,190**
2022B	**181,079**	**-**	**49,361**	**-**	**-**	**131,718**	**131,718**
2022C	**181,079**	**-**	**102,831**	**-**	**-**	**78,248**	**-**
2022D	**181,065**	**-**	**102,842**	**-**	**-**	**78,223**	**-**
	905,413	**-**	**276,034**	**-**	**-**	**629,379**	**455,408**

38 SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

If the options remain unexercised after the vesting dates until 7 June 2030, the options expire. Options are forfeited if the employee leaves the Group.

No options were exercised during both of the years ended 31 December 2023 and 2024.

The options outstanding at the end of the year have a weighted average remaining contractual life of 5.43 years (2023: 6.43 years) and the exercise prices range from HKD5.38 to HKD6.33 (2023: HKD5.38 to HKD6.33). During the year ended 31 December 2024, no options were granted. The estimated fair values of the options granted on 8 April 2022 and 28 December 2021 are RMB3,842,000 and RMB898,000 respectively.

These fair values were calculated using the Binomial model. The inputs into the model are as follows:

	Granted on 8 April 2022	**Granted on 28 December 2021**
Weighted average share price	HKD5.38	HKD6.33
Weighted average exercise price	HKD5.38	HKD6.33
Expected volatility	56.15%	40.7%- 52.2%
Expected life	7.43 years	8.43 years
Risk free rate	2.56%	0.125%- 1.022%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price since the date of listing. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

38 SHARE-BASED PAYMENTS (CONTINUED)

(b) Share award scheme

Pursuant to a share award scheme adopted by the Company on 8 June 2020, the Company may grant such shares to certain employees of the Group and shall be satisfied by the allotment and issue of new shares of the Company. During the year ended 31 December 2024, no shares were granted by the Company (2023: Nil shares) at nil consideration to the Group's employees, of which no shares (2023: Nil shares) were granted to the Company's director. The fair value of the employee services received in exchange for the grant of shares is recognised as employees benefits expenses in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company.

39 CONTINGENT LIABILITIES

A subsidiary of the Group, Suoxinda Shenzhen, is a defendant in a law suit brought during the year ended 31 December 2024 claiming approximately RMB20,692,000 together with legal expenses and interests relating to unauthorised transfers of certain Company's shares by a shareholder of the Company. In 2024, those plaintiffs also applied property preservations to the PRC courts on assets held by Suoxinda Shenzhen and other defendants.

Two subsidiaries of the Group, Suoxinda Shenzhen and Ruihe Beijing, are defendants in several law suits brought during the year ended 31 December 2024 relating to staffs claims related to termination payments. In 2024, those plaintiffs also applied property preservations to the PRC courts on assets held by Suoxinda Shenzhen and Ruihe Beijing.

Therefore, certain bank balances of Suoxinda Shenzhen and Ruihe Beijing amounted to approximately RMB7,867,000 had been frozen by the PRC courts as at 31 December 2024.

The Group engaged the lawyers to contest the claim, and while the final outcome of the proceedings is uncertain. The directors of the Company believe, based on legal opinion, that the claim can be successfully defended and therefore no losses will be incurred.

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				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**377,843**	367,945	377,126	397,372	330,290
Gross profit	**38,075**	47,127	89,339	129,196	117,592
Loss before income tax	**(74,416)**	(111,179)	(129,509)	(79,488)	(11,906)
Income tax credit/(expenses)	**372**	2,170	5,487	3,501	(806)
Loss for the year	**(74,044)**	(109,009)	(124,022)	(75,987)	(12,712)
(Loss)/profit for the year attributable to:					
Owners of the Company	**(74,998)**	(109,233)	(128,192)	(76,238)	(13,108)
Non-controlling interest	**954**	224	4,170	251	396

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**105,900**	141,519	174,463	196,925	175,599
Current assets	**192,952**	302,629	236,420	276,767	306,142
Non-current liabilities	**12,168**	16,829	7,706	20,334	35,797
Current liabilities	**243,803**	310,012	299,664	299,188	230,297
Net current (liabilities)/assets	**(50,851)**	(7,383)	(63,244)	(22,421)	75,845
Total assets less current liabilities	**55,049**	134,136	111,219	174,504	251,444