

GLOBAL BILLION HOLDINGS LIMITED
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND
THE SIX MONTHS ENDED 30 JUNE 2022

KTC PARTNERS CPA LIMITED
和信會計師事務所有限公司
Certified Public Accountants (Practising)
HONG KONG

GLOBAL BILLION HOLDINGS LIMITED

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FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND
THE SIX MONTHS ENDED 30 JUNE 2022

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ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA CBM GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of Global Billion Holdings Limited (the “Target Company”) and its subsidiaries (together, the “Target Group”) set out on pages 3 to 13, which comprises the consolidated statement of financial position as at 31 December 2019, 2020 and 2021 and 30 June 2022, and the consolidated statement of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the periods then ended (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages 3 to 13 forms an integral part of this report, which has been prepared for inclusion in the circular of China CBM Group Company Limited (the “Company”) dated 12 December 2022 (the “Circular”) in connection with the (1) major and connected transaction: proposed acquisition involving issue of consideration shares and convertible bonds under specific mandate; (2) proposed share consideration; (3) proposed change in board lot size; and (4) notice of SGM.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(b) to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period (“Underlying Financial Statements”), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the previously issued financial statements and management accounts of the Target Group for the Track Record Period. The directors of the Target Company are responsible for the preparation of the previously issued financial statements and management accounts of the Target Group that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Directors' responsibility for the Historical Financial Information

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(b) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA CBM GROUP COMPANY LIMITED

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the consolidated financial position of the Target Group as at 31 December 2019, 2020 and 2021 and 30 June 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2(b) to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2021 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2(b) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2(b) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The GEM of The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.



KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong, 12 December 2022

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by KTC Partners CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND THE SIX MONTHS ENDED 30 JUNE 2021 AND 2022

		Year ended 31 December			Six months ended 30 June	
	Note	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Revenue		-	-	-	-	-
Administrative and other expenses		(9)	(11)	(13)	-	-
Loss before taxation		(9)	(11)	(13)	-	-
Income tax expense	4	-	-	-	-	-
Loss for the year/period		(9)	(11)	(13)	-	-

The notes on pages 3 to 13 are an integral part of this Historical Financial Information.

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP (continued)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2020 AND 2021 AND 30 JUNE 2022**

	Note	2019 RMB'000	As at 31 December 2020 RMB'000	2021 RMB'000	As at 30 June 2022 RMB'000
Current assets					
Bank balances and cash	8	- *	- *	- *	- *
		-	-	-	-
Current liabilities					
Amount due to a director	9	(76)	(82)	(93)	(97)
		(76)	(82)	(93)	(97)
Net current liabilities		(76)	(82)	(93)	(97)
Net liabilities		(76)	(82)	(93)	(97)
Capital and reserves					
Share capital	10	- *	- *	- *	- *
Reserves		(76)	(82)	(93)	(97)
Total equity		(76)	(82)	(93)	(97)

* Amount less than RMB1,000

The notes on pages 3 to 13 are an integral part of this Historical Financial Information.

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP (continued)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND
THE SIX MONTHS ENDED 30 JUNE 2021 AND 2022**

	Note	Year ended 31 December			Six months ended 30 June	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
OPERATING ACTIVITIES						
Loss before taxation		(9)	(11)	(13)	-	-
Operating cash flows before movements in working capital		(9)	(11)	(13)	-	-
Net cash used in operating activities		(9)	(11)	(13)	-	-
Financing activities						
Advance from a director		9	11	13	- *	- *
Net cash generated from financing activities		9	11	13	- *	- *
Net increase in cash and cash equivalents		-	-	-	-	-
Cash and cash equivalents at beginning of year/period		- *	- *	- *	- *	- *
Cash and cash equivalents at end of year/period		- *	- *	- *	- *	- *

* Amount less than RMB1,000

The notes on pages 3 to 13 are an integral part of this Historical Financial Information.

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP (continued)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND
THE SIX MONTHS ENDED 30 JUNE 2021 AND 2022**

	Share capital RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019	- *	(4)	(62)	(66)
Loss for the year	-	-	(9)	(9)
Other comprehensive loss for the year	-	(1)	-	(1)
Balance at 31 December 2019	- *	(5)	(71)	(76)
Loss for the year	-	-	(11)	(11)
Other comprehensive income for the year	-	5	-	5
Balance at 31 December 2020	- *	-	(82)	(82)
Loss for the year	-	-	(13)	(13)
Other comprehensive income for the year	-	2	-	2
Balance at 31 December 2021	- *	2	(95)	(93)
Balance at 1 January 2021	- *	-	(82)	(82)
Profit for the period (unaudited)	-	-	-	-
Other comprehensive income for the period (unaudited)	-	-	-	-
Balance at 30 June 2021 (unaudited)	- *	-	(82)	(82)
Balance at 1 January 2022	- *	2	(95)	(93)
Profit for the period	-	-	-	-
Other comprehensive loss for the period	-	(4)	-	(4)
Balance at 30 June 2022	- *	(2)	(95)	(97)

* Amount less than RMB1,000

The notes on pages 3 to 13 are an integral part of this Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

Global Billion Holdings Limited (the “Target Company”) is a private company incorporated and domiciled in the British Virgin Islands with limited liability and has its registered office and the principal place of business at Sea Meadow House, Blackbume Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands.

The principal activity of the Target Company and its subsidiaries is investment holding.

On 3 September 2022, Mr. Fan Hua (“Mr. Fan”), the controlling shareholder of the Target Company, entered into a conditional sale and purchase agreement between Mr. Wang Zhong Sheng (“Mr. Wang”), an executive director, chairman of the board of the directors of China CBM Group Company Limited (the “Company”), as the purchaser to acquire 100% equity interest in the Target Company at a consideration of RMB38,500,000.

Upon completion of the such conditional acquisition, the restructuring of the shareholding structure in respect of the holding companies of Yangcheng Huiyang New Energy Development Company Limited (“Huiyang New Energy”), a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company, would be completed. Qinshui County Lvqiao CBM Technology Services Co., Ltd., the subsidiary of the Target Company, will hold 20% equity interest of Huiyang New Energy.

2 Summary of significant accounting policies

(a) Basis of preparation of the unaudited financial information

The Historical Financial Information has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules, and is solely for the purposes of inclusion in the Circular issued by the Company in connection with the Proposed Acquisition.

The Historical Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 3.

(b) Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The Target Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting years and Track Record Period. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

3 Critical accounting estimates and judgements

The Target Group makes estimates, assumptions and judgements as appropriate in the preparation of the Historical Financial Information. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(i) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set-up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4 Income tax expenses

The Company was incorporated in the British Virgin Islands and continued in Bermuda as an exempted company under the laws of Bermuda and, accordingly, is exempted from payment of the Bermuda Income Tax.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made as the Target Group has no estimated assessable profits arising in or derived from Hong Kong for the years/period.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Reconciliation between income tax credit and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Loss before taxation	(9)	(11)	(13)	-	-
Notional tax on loss before taxation, calculated at the rates applicable to the tax jurisdictions concerned	-	-	-	-	-
Income tax expenses	-	-	-	-	-

5 Information about the benefits of directors and senior executives

(a) Directors' and supervisors' remunerations

The emoluments paid or payable to each of the directors and the senior executive of the Target Company were as follows:

	Director fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
Six months ended 30 June 2022					
Director					
Fan Hua	-	-	-	-	-
Six months ended 30 June 2021 (unaudited)					
Director					
Fan Hua	-	-	-	-	-
Year ended 31 December 2021					
Director					
Fan Hua	-	-	-	-	-
Year ended 31 December 2020					
Director					
Fan Hua	-	-	-	-	-
Year ended 31 December 2019					
Director					
Fan Hua	-	-	-	-	-

There were no arrangements under which a director waived or agreed to waive any emoluments for the Track Record Period. In addition, no emoluments were paid by the Target Group to any of the directors as an inducement to join, or upon joining the Target Group or as a compensation for loss of office for the Track Record Period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5 Information about the benefits of directors and senior executives (continued)

(a) Directors' and supervisors' remunerations (continued)

Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Target Group, or bodies corporate controlled by such directors, or entities connected with such directors that were entered into or subsisted during the Track Record Period.

Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Group's business to which the Target Group was a party and in which a director of the Target Group, or a entities connected with the directors had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the Track Record Period.

(b) Individuals with highest emoluments

The five highest paid individuals of the Target Group during the Track Record Period are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
Directors	-	-	-	-	-
Non-director highest paid individuals	-	-	-	-	-
	-	-	-	-	-

Details of the emoluments of the above non-director individuals during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other emoluments	-	-	-	-	-
Contributions to defined retirement scheme	-	-	-	-	-
	-	-	-	-	-

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
				(unaudited)	
Nil to RMB1,000,000	-	-	-	-	-

6 Dividends

No dividend was paid or proposed for ordinary shareholders of the Target Group during the year ended 31 December 2019, 2020 and 2021 and the period ended 30 June 2021 and 2022, nor has any dividend been proposed since the end of the reporting period.

7 Loss per share

No loss per share information is presented, for the purpose of this report as its inclusion, is not considered meaningful.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8 Bank balances and cash

	2019	As at 31 December	2021	As at 30 June
	RMB'000	2020	RMB'000	2022
		RMB'000		RMB'000
Cash at bank	- *	- *	- *	- *

* Amount less than RMB1,000

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

For the years ended 31 December 2019, 2020 and 2021, and the period ended 30 June 2022, the Company performed impairment assessment on the bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

9 Amount due to a director

The amount due is unsecured, interest-free and repayable on demand.

10 Share capital

The Target Company was incorporated in the DVI with limited liability 5 November 2010 with an initial authorised share capital of United States dollar ("US\$") 50,000 divided into 1 ordinary share of US\$1 each. Upon incorporation, 1 ordinary share was allotted and issued at US\$1 to the subscriber for cash. As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Company has issued share capital of US\$1 divided into 1 ordinary share of US\$1.

11 Capital commitments

The Target Group did not have any significant capital commitment as at 31 December 2019, 2020 and 2021, and 30 June 2022.

12 Changes in liabilities arising from financing activities

	Amount due to a director RMB'000
At 1 January 2019	66
Changes in cash flows	9
Non-cash changes	1
At 31 December 2019	76
Changes in cash flows	11
Non-cash changes	(5)
At 31 December 2020	82
Changes in cash flows	13
Non-cash changes	(2)
At 31 December 2021	93
Changes in cash flows	- *
Non-cash changes	4
At 30 June 2022	97
At 31 December 2020	82
Changes in cash flows (unaudited)	- *
Non-cash changes (unaudited)	- *
At 30 June 2021 (unaudited)	82

* Amount less than RMB1,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13 Capital risk management

The directors of the Target Group manage its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance. The Target Group's overall strategy remains during the Track Record Period.

The capital structure of the Target Group consists of debt balance and equity balance. Equity balance consists of equity attributable to owner of the Target Group, comprising registered capital and reserves.

The directors of the Target Group review the capital structure on an on-going annual basis. As part of this review, the directors of the Target Group consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Target Group, the Target Group will balance its overall capital structure through the payment of dividends, new capital injection as well as the issue of new debt.

14 Financial instruments

(a) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments of the Target Group as at the end of the reporting period are as follows:

	2019 RMB'000	As at 31 December 2020 RMB'000	2021 RMB'000	As at 30 June 2022 RMB'000
Financial assets				
At amortised cost:				
Cash and cash equivalents	- *	- *	- *	- *
Financial liabilities				
At amortised cost:				
Amount due to a director	76	82	93	97

* Amount less than RMB1,000

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include cash and cash equivalents, and amount due to intra-group companies. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and other price risk arises in the normal course of the Target Group's business. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the types of the Target Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to bank balances. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(i) Bank balances

The credit risk of the Target Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Liquidity risk

Individual operating entities within the Target Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board of directors' approval. The Target Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the weighted average effective interest rate and the remaining contractual maturities at the end of the reporting period of the Target Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

	Effective interest rate	On demand or within one year RMB'000	Over one year RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amount RMB'000
<u>At 31 December 2019</u>					
Non-derivative Financial liabilities					
Amount due to a director	N/A	76	-	76	76
<u>At 31 December 2020</u>					
Non-derivative Financial liabilities					
Amount due to a director	N/A	82	-	82	82
<u>At 31 December 2021</u>					
Non-derivative Financial liabilities					
Amount due to a director	N/A	93	-	93	93
<u>At 30 June 2022</u>					
Non-derivative Financial liabilities					
Amount due to a director	N/A	97	-	97	97

Interest rate risk

The Target Group is not exposed to significant interest rate risk. The Target Group currently does not have interest rate hedging policy. However, the management of the Target Group closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Currency risk

The functional currency of the Target Group is RMB in which most of the transactions are denominated. The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Target Group does not hold significant foreign currencies financial assets and liabilities, in the opinion of the directors of the Target Group, foreign currency risks are not significant to the Historical Financial Information.

(c) Fair value measurement of financial instruments

The carrying amounts of the Target Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019, 2020 and 2021 and 30 June 2022 due to their short term maturities.

15 Contingent liabilities

As at 30 June 2022, the Target Group did not have any significant contingent liabilities.

16 Events after the reporting period

There is no significant events taken place subsequent to 30 June 2022.

17 Subsequent financial statements

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 June 2022 and up to the date of this report.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18 Statement of financial position of the Target Company

Information about the statement of financial position of the Target Company at the end of the Track Record Period is as follows:

	2019 RMB'000	As at 31 December 2020 RMB'000	2021 RMB'000	As at 30 June 2022 RMB'000
Non-current asset				
Investment in a subsidiary	- *	- *	- *	- *
	-	-	-	-
Current assets				
Bank balances and cash	- *	- *	- *	- *
	-	-	-	-
Current liabilities				
Amount due to a director	(66)	(73)	(83)	(87)
	(66)	(73)	(83)	(87)
Net current liabilities	(66)	(73)	(83)	(87)
Net liabilities	(66)	(73)	(83)	(87)
Capital and reserves				
Share capital	- *	- *	- *	- *
Reserves	(66)	(73)	(83)	(87)
Total equity	(66)	(73)	(83)	(87)

* Amount less than RMB1,000

A summary of the Target Company's reserves is as follows:

	Share capital RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019	- *	(3)	(53)	(56)
Loss for the year	-	-	(9)	(9)
Other comprehensive loss for the year	-	(1)	-	(1)
Balance at 31 December 2019	- *	(4)	(62)	(66)
Loss for the year	-	-	(11)	(11)
Other comprehensive income for the year	-	4	-	4
Balance at 31 December 2020	- *	-	(73)	(73)
Loss for the year	-	-	(12)	(12)
Other comprehensive income for the year	-	2	-	2
Balance at 31 December 2021	- *	2	(85)	(83)
Balance at 1 January 2022	- *	2	(85)	(83)
Profit for the period	-	-	-	-
Other comprehensive loss for the period	-	(4)	-	(4)
Balance at 30 June 2022	- *	(2)	(85)	(87)

* Amount less than RMB1,000