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*You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants’ Report set out in Appendix I to this document which have been prepared in accordance with IFRS and the selected historical financial information and operating data included elsewhere in this document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in “Forward-looking Statements” and “Risk Factors.” In evaluating our business, you should carefully consider the information provided in “Risk Factors” in this document.*

### OVERVIEW

We are a technology-driven platform in China, aiming to create more transit capacity with less environmental impact. We fill up idle seats on private passenger cars through our carpooling marketplace and improve the conventional taxi-hailing and management for relevant stakeholders through our smart taxi services. We generate revenue primarily from charging service fees to private car owners providing carpooling rides on our platform, and to a much lesser extent, from charging service fees to taxi drivers and advertising and other services.

Amid the challenges from the COVID-19 pandemic, we recorded revenue of RMB780.6 million, RMB569.1 million and RMB815.1 million in 2021, 2022 and 2023, respectively. Our adjusted net profit (non-IFRS measure) was RMB238.0 million, RMB84.7 million and RMB225.6 million in 2021, 2022 and 2023, respectively, representing an adjusted net profit margin (non-IFRS measure) of 30.5%, 14.9% and 27.7% for the same years, respectively. See “—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for a reconciliation of our net profit/(loss) to our adjusted net profit (non-IFRS measure).

### BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and is presented in RMB unless otherwise stated. We have applied IFRS, amendments to IFRS and the related interpretations that are effective for the accounting periods beginning on January 1, 2023 consistently throughout the Track Record Period. The preparation of historical financial information in conformity with IFRSs requires the use of certain accounting estimates, as well as our management’s judgment in applying our accounting policies. See Note 5 to the Accountant’s Report in Appendix I to this document for the areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information.

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### GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by various general factors, including primarily the following.

#### Economic and Industry Trends in China

While China’s carpooling market currently features a low penetration rate, there is a growing market opportunity and upside potential considering the technology-driven prevalence of mobile payment and mobility apps, the continuous growth in the number of private passenger cars and their travel distance, increasing market acceptance of carpooling, and favorable government policies. According to the F&S Report, the GTV of China’s carpooling market fluctuated from 2018 to 2023. The GTV increased rapidly from RMB19.3 billion in 2017 to RMB23.3 billion in 2018, indicative of the increasing market reception of carpooling as a mobility option in China. The GTV, however, decreased in 2019, due to the suspension of services by a major market player. The GTV subsequently took two years to recover to the level comparable to that before the COVID-19 outbreak, reaching RMB22.1 billion in 2021, but then decreased to RMB19.1 billion in 2022 due to the continued impact of COVID-19 resurgence. Moving forward, the GTV of China’s carpooling market is expected to increase from RMB37.1 billion in 2024 to RMB103.9 billion in 2028 at a CAGR of 29.4%, according to the same source. In addition, the digital transformation of China’s taxi industry is still at an early stage, with only a small portion of taxi orders originated online or through digital tools, such as *Taxi Hailing Assistant*, representing significant growth potential of both the online-hailing and digitally-assisted roadside-hailing markets. Our results of operations are affected by, among others, the general conditions affecting these industries in China, including the overall economic conditions, changes in mobility demands and preferences (including the market acceptance of carpooling, taxi online-hailing and digitally-assisted hailing), the advancement of relevant technologies, and the rapidly evolving regulatory environment. See “Industry Overview.” Changes in the factors that lead to the growth or decline of demand in our addressable markets would have significant impact on our business and prospects. Our ability to anticipate and respond to potential changes in industry trends will have a significant impact on our future performance.

#### Competition

Our business and results of operations depend on our ability to compete effectively in China’s mobility market, including the carpooling market and taxi market, which are increasingly competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products. Our competitive position may be affected by, among other things, our ability to scale up by retaining and attracting users, provide superior user experience, and maintain and improve our safety mechanism, as well as the reputation, popularity, price, utility, ease of use, performance and reliability of our services compared to those of our competitors. As we continue to grow our business and increase our market share, our ability to compete effectively with other market players is crucial to the sustainable growth of our business. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, and from new entrants into the market, who may become significant competitors in the future.

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In addition, our business operations face competition from other mobility modes in China’s mobility market, including ride-hailing. Our business and results of operations are also affected by government policies and regulations applicable to our industries and the ride-hailing industry. In recent years, the State Council has focused on the orderly development of the taxi market and carpooling market. Chinese regulators at various levels also released a number of policies and guidelines to reform the taxi industry and promote carpooling. Meanwhile, the PRC government has promulgated tightened regulations on ride-hailing in a manner comparable to taxis, as evidenced by various legal and operational requirements for platforms, drivers and vehicles involved in the ride-hailing business. See “Regulations.” The heightened legal and operational requirements may place more restrictions on the development of ride-hailing platforms and affect their ability to serve their customers, which could divert and increase the demand for other mobility modes, such as carpooling and taxi services, and potentially have a positive impact on our business. The evolving regulatory environment on different mobility modes may affect our competitiveness in China’s mobility market, which in turn will affect our business and results of operations. See “Industry Overview” for details of the competitive landscape.

### **Outbreak of Health Pandemics, Natural Disasters and Other Calamities**

Our business and results of operations depend on our ability to effectively deal with outbreak of health pandemics, natural disasters and other calamities. The occurrence of such a disaster or prolonged outbreak of contagious diseases or other adverse public health developments in China or elsewhere could materially disrupt our business and operations. For example, during the Track Record Period, the COVID-19 pandemic throughout China negatively impacted the carpooling and taxi industries in China, which in turn adversely affected our business, results of operations and financial condition. Specifically, the GTV of China’s carpooling market fluctuated from 2018 to 2023, according to the F&S Report. See “—Economic and Industry Trends in China.” Amid the fluctuating market conditions, in 2021, 2022 and 2023, we facilitated approximately 129.7 million, 94.2 million and 130.3 million carpooling rides, respectively, representing a GTV of RMB7.8 billion, RMB6.1 billion and RMB8.6 billion for the same years, respectively.

Following the adjustment of China’s pandemic prevention strategies, the GTV of China’s car-based passenger transportation market is expected to experience an increase from RMB722.7 billion in 2024 to RMB1,238.9 billion in 2028 at a CAGR of 14.4%, according to the F&S Report. Our business volume has experienced a recovery to the pre-COVID-19 level in 2023. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from RMB6.1 billion in 2022. Nevertheless, to the extent that future waves of COVID-19 infections disrupt normal business operations and traveling in China, we may face disrupted market demand and operational challenges with our services. We are closely monitoring the development of the pandemic, as well as other health pandemics, natural disasters and extraordinary events, and continuously evaluating any potential impact on our business, results of operations and financial condition. See “—COVID-19 Outbreak and Effects on Our Business” for the impact of COVID-19 outbreak on our business and “Risk Factors—Risks Relating to Our Business and Industry—Any occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, results of operations and financial condition” for the associated risks and challenges.

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### SPECIFIC FACTORS AFFECTING OUR RESULTS OF OPERATIONS

In addition to general economic conditions and industry factors, we believe the following company-specific factors have had, and will continue to have, a significant impact on our results of operations.

#### Our Ability to Expand Our User Base and Increase User Engagement

Our ability to retain and attract users is crucial to our business growth. As we grow the number of certified private car owners and taxi drivers on our platform, our market coverage improves, which attracts more riders and increases their level of engagement. More riders, especially more active riders, result in an increased volume of trips on our platform, which attracts more private car owners to post their itineraries and more taxi drivers to take orders on our platform. As such, we incur user subsidies and incentives from time to time to expand our user base and increase user engagement, aiming to enhance the network effect. We offer subsidies, in the form of coupons and rewards, to encourage private car owners and taxi drivers to use our platform. Such subsidies are generally granted to private car owners and taxi drivers upon their completion of corresponding rides on our platform. We also offer incentives, in the form of coupons, to encourage riders to request rides on our platform, which are generally promotional in nature.

The following table discusses the distinction between user subsidies to drivers (including private car owners and taxi drivers) and user incentives for carpooling and taxi riders. Generally, we determine the amount and range of user subsidies and incentives based on our comprehensive evaluation of market demand, competitive landscape in the industry and our financial position.

	<u>Categorization</u>	<u>Treatment<sup>(1)</sup></u>	<u>Relation with revenue</u>
<b>User subsidies to private car owners . . . . .</b>	Related to user acquisition	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition	(1) Applied to net off our revenue; and (2) recorded the portion exceeding the revenue recognized from a specific ride as cost of services.	During the Track Record Period, the subsidies would exceed the revenue recognized from the corresponding rides when (1) it was a short-distance ride with relatively low revenue recognized, or (2) we offered relatively large amount of subsidies to retain private car owners.

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	Categorization	Treatment <sup>(1)</sup>	Relation with revenue
<b>User subsidies to taxi drivers . . . . .</b>	Related to user acquisition	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition but for rides we have not charged service fees	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition and for rides we have charged service fees	(1) Applied to net off the revenue; and (2) recorded the portion exceeding the revenue recognized from corresponding rides as cost of services.	During the Track Record Period, we had not incurred subsidies that would exceed the revenue recognized from the corresponding taxi rides.
<b>User incentives to carpooling and taxi riders . . . . .</b>	All user incentives	Recorded as selling and marketing expenses.	N/A

(1) Given that private car owners are customers of our carpooling marketplace services, and that taxi drivers are customers of our smart taxi services, the subsidies paid to them are consideration payable to customers under IFRS 15. Therefore, these subsidies are recorded as a reduction to revenue since we do not receive a distinct good or service in exchange for the payment. When the amount of these subsidies granted to a private car owner exceeds the revenue earned by us from the specific order, the excess portion is recorded as cost of services.

However, for those performance-based subsidies related to user acquisition (e.g., referral of new drivers or riders), they are considered as payments in exchange for distinct services and are recognized as selling and marketing expenses. When no service fee is charged by us, subsidies granted to taxi drivers are also recorded as selling and marketing expenses. In addition, given that riders are also not our customers under IFRS 15, incentives granted to riders are not consideration payable to customers and are not within the scope of IFRS 15. Therefore, these incentives represent selling and marketing expenses.

For details, see “—Material Accounting Policy Information, Estimates and Assumptions—Revenue from Contracts with Customers—Driver subsidy and user incentive programs” and Note 4 to the Accountants’ Report in Appendix I.

As a carpooling marketplace service provider, we from time to time offer coupons of varying face values to private car owners to balance the supply and demand of rides on our platform. In some cases, the value of a coupon may exceed the service fee for a corresponding order when the ride fare is relatively low or when the aim is to encourage inactive private car owners to start providing carpooling trips on our platform again. Despite the economic loss for these individual orders, we believe that the overall impact is still beneficial for our business. By increasing the transit capacity, we enhance the user experience and promote higher levels of user activity on our platform. The following table illustrates how we record, as cost of services, the portion of subsidies to private car owners unrelated to user acquisition that exceed the revenue recognized from a specific ride under a hypothetical example. The numbers in the table are included solely for purposes of illustrating the nature of the accounting treatment and do not necessarily bear any relationship to the actual numbers in any transaction or set of transactions.

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	Amount
	(RMB)
Carpooling ride fare . . . . .	60.0
Service fee charged . . . . .	5.4
User subsidies to private car owners—related to user acquisition . . . . .	—
User subsidies to private car owners—unrelated to user acquisition . . . . .	6.0
User incentives to carpooling riders . . . . .	—
Carpool trip price paid by carpooling riders (net of incentives) . . . . .	60.0
Carpool trip price paid to private car owners (including subsidies) . . . . .	60.6
<b>Revenue:</b>	
Revenue recorded by our Company . . . . .	—
<b>Cost of service:</b>	
Negative revenue recorded as cost of service . . . . .	0.6
<b>Selling and marketing expenses:</b>	
Incentives to carpooling riders recorded as selling and marketing expenses . . . . .	—
User subsidies to private car owners related to user acquisition recorded as selling and marketing expenses . . . . .	—

The following table discusses how we reflect our user reward scheme in our financial statements, both in absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
<i>Subsidies which have been net off to derive our revenue:</i>						
For private car owners . . .	14,633	1.9	34,362	6.0	61,212	7.5
For taxi drivers . . . . .	—	—	—	—	—	—
<i>Cost of services:</i>						
Subsidies to private car owners . . . . .	8,800	1.1	17,575	3.1	29,002	3.6
Subsidies to taxi drivers . .	—	—	—	—	—	—
<i>Selling and marketing expenses:</i>						
Subsidies to taxi drivers . .	3,160	0.4	8,197	1.4	4,926	0.6
Subsidies to private car owners . . . . .	29,385	3.8	6,061	1.1	7,028	0.9
User incentives for carpooling riders . . . . .	85,026	10.9	57,949	10.2	60,046	7.4
User incentives for taxi riders . . . . .	13,882	1.8	10,965	1.9	3,744	0.5
<b>Total</b> . . . . .	<b>154,886</b>	<b>19.9</b>	<b>135,109</b>	<b>23.7</b>	<b>165,958</b>	<b>20.5</b>

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The following table sets forth the breakdown of subsidies to private car owners, both in absolute amount and as a percentage of our total revenue generated from carpooling marketplace services, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
<i><b>Subsidies to private car owners</b></i>						
Net off to derive our						
revenue . . . . .	14,633	2.1	34,362	6.7	61,212	7.9
Recognized as cost of						
services . . . . .	8,800	1.3	17,575	3.4	29,002	3.7
Recognized as selling and						
marketing expenses . . . . .	29,385	4.2	6,061	1.2	7,028	0.9
<b>Total</b> . . . . .	<b>52,818</b>	<b>7.6</b>	<b>57,998</b>	<b>11.3</b>	<b>97,242</b>	<b>12.6</b>

The following table sets forth the breakdown of subsidies to taxi drivers, both in absolute amount and as a percentage of our total revenue generated from smart taxi services, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
<i><b>Subsidies to taxi drivers</b></i>						
Net off to derive our						
revenue . . . . .	—	—	—	—	—	—
Recognized as cost of						
services . . . . .	—	—	—	—	—	—
Recognized as selling and						
marketing expenses . . . . .	3,160	9.7	8,197 <sup>(1)</sup>	42.2 <sup>(1)</sup>	4,926 <sup>(1)</sup>	43.5 <sup>(1)</sup>
<b>Total</b> . . . . .	<b>3,160</b>	<b>9.7</b>	<b>8,197</b>	<b>42.2</b>	<b>4,926</b>	<b>43.5</b>

(1) Subsidies to taxi drivers in 2022 and 2023 were mainly provided to promote our digitally-assisted roadside-hailing services, which we have not begun to monetize.



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In general, we do not need to pay significant subsidies to attract users for our carpooling platform due to its collaborative and cost-sharing mobility mode as compared to ride-hailing. In 2021, we increased our subsidies to private car owners to incentivize them to provide rides on our platform. Notwithstanding that, in 2021, 2022 and 2023, the total amount of subsidies to private car owners and user incentives for carpooling riders we incurred was RMB0.1 billion, RMB0.1 billion and RMB0.2 billion, respectively, accounting for 1.8%, 1.9% and 1.8% of the GTV of our carpooling marketplace in the same year, respectively, which is significantly lower than ride-hailing for which the average level of incentives and subsidies paid to drivers and riders, respectively, is approximately 5% to 10% and 10% as a percentage of GTV, respectively, according to the F&S Report. In addition, the proportion of total subsidies and user incentives to the total revenue increased from 19.9% in 2021 to 23.7% in 2022, as although we took measures to incentivize user activity on our platform, the business volume of our carpooling marketplace and taxi online-hailing services were nevertheless adversely affected by the resurgence of COVID-19 and the noticeable uptick in infections at the end of 2022 following the adjustment of pandemic prevention policies in China. The proportion of total subsidies and user incentives to the total revenue decreased to 20.5% in 2023 following the increase in our revenue resulting from the growth of our carpooling marketplace services along with our business recovery from the adverse impact of the pandemic. Going forward, we may strategically adjust our marketing approach based on our business performance and needs from time to time. We may invest significantly in business expansion in the future, which could affect our profitability.

### **Our Ability to Strengthen Monetization Capabilities and Diversify Our Monetization Channels**

Our revenue and results of operations are affected by our ability to monetize our services and products. We currently generate revenue primarily from the provision of carpooling marketplace services by charging service fees to private car owners providing carpooling rides on our platform. Our net service fee rate was 7.4%, 7.1% and 7.8% in 2021, 2022 and 2023, respectively. Our net service fee rate increased from 2022 to 2023, primarily because we raised our overall service fees charged to private car owners providing carpooling rides on our platform in 2023. Our net service fee rate decreased in 2022, primarily because we incurred increased subsidies for private car owners, a portion of which have been net off to derive our revenue, to incentivize them to provide rides on our platform. We may continue to increase our service fees in the future. In addition, we are rapidly expanding our smart taxi services nationwide, which will gradually become an important aspect of our growth. We had charged service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services in 83 cities as of the Latest Practicable Date. We plan to gradually charge service fees in the other cities after achieving a meaningful response rate locally. Furthermore, our ability to continue to step up our monetization efforts nationwide and explore additional types of service charges is a key factor affecting the revenue generated from our smart taxi services. We also intend to further capture monetization opportunities along the value chain of China’s mobility market, such as the automobile value-added services. Our monetization initiatives may require us to devote significant financial and managerial resources and may not perform as expected due to a variety of factors beyond our control. In addition, as we monitor market developments, we may adjust our monetization strategies from time to time, which could result in decreases of our total revenue or revenue contributions from certain monetization channels.



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### **Our Ability to Manage Costs and Expenses**

Our ability to effectively manage our cost of services and expenses, particularly our selling and marketing expenses, is a key factor affecting our results of operations. Our cost of services was RMB149.3 million, RMB141.5 million and RMB209.7 million in 2021, 2022 and 2023, respectively, representing 19.1%, 24.9% and 25.7% of our total revenue in the same years, respectively. Our cost of services increased by 48.2% from 2022 to 2023, primarily due to the increases in third-party service costs, payment processing costs and subsidies to private car owners. Our cost of services decreased by 5.2% from 2021 to 2022, primarily due to the decrease in payment processing costs, which was partially offset by the increased subsidies to private car owners. See “—Year to Year Comparison of Results of Operations.” Our selling and marketing expenses were RMB255.9 million, RMB234.9 million and RMB233.6 million in 2021, 2022 and 2023, respectively, representing 32.8%, 41.3% and 28.7% of our total revenue in the same years, respectively. We incurred substantial selling and marketing expenses during the Track Record Period, primarily driven by our continuous efforts to further expand user base, increase user engagement and enhance brand awareness. See “—Specific Factors Affecting Our Results of Operations—Our Ability to Expand Our User Base and Increase User Engagement.” We expect our costs and expenses to increase in absolute amount in line with our business growth.

In addition, our results of operations and long-term growth prospects will depend on our ability to develop our platform and the underlying technologies. We expect to continue to make significant investments in our research and development activities. Our research and development expenses were RMB60.1 million, RMB89.0 million and RMB121.7 million in 2021, 2022 and 2023, respectively. We seek to strengthen our research and development capability and invest in building a dedicated and experienced research and development team. See “Business—Growth Strategies—Advance our technological capabilities and operational efficiency.” These initiatives may increase our research and development expenses and impact our results of operations.

### **MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES AND ASSUMPTIONS**

We have identified certain accounting policies and estimates that we believe are material to the preparation of our consolidated financial statements. Our material accounting policy information and estimates, which are important for understanding our results of operations and financial condition, are set forth in Notes 4 and 5 to the Accountants’ Report in Appendix I to this document. Some of our accounting policy information involve subjective assumptions and estimates, as well as complex judgment relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider our selection of material accounting policy information, the judgment and other uncertainties affecting the application of such policies, and the sensitivity of reported results to changes in conditions and assumptions.

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### Revenue from Contracts with Customers

#### *Revenue from providing carpooling marketplace services*

We generate revenue from our carpooling marketplace that connects drivers and riders. Revenue represents service fees from private car owners for use of our platform and related activities serving riders to facilitate and complete rides through the *Dida Mobility App* (collectively, the “carpooling marketplace services”). We consider private car owners as our customers. Private car owners accept the terms and conditions with us to receive the carpooling marketplace services through the use of the *Dida Mobility App*, including the service fee rate and the minimum and maximum amount of service fees, which may vary among different cities. These terms and conditions define the fees we charge the private car owners for each transaction and each party’s rights and obligations regarding the carpooling marketplace services and payment terms. As our customary business practice, a contract exists between the private car owners and us when both private car owners and the riders confirm the trip and we collect prepayment for the trip fare from the riders on behalf of the private car owners. The duration of a contract with a customer is typically equal to the duration of a single ride. We do not earn any fees from the riders to access the *Dida Mobility App* and have no obligation to the riders to provide the ride.

We provide a service to the private car owners to complete a successful transportation service for riders. Our performance obligation is to arrange for the provision of the carpooling rides rather than providing the carpooling rides itself, and therefore, we consider ourselves as an agent and recognize revenue on a net basis, which represents the fee charged by us to the private car owners. The service assists the private car owners to find, receive and fulfill on-demand requests from carpooling riders seeking transportation services and complete related collection activities, using the *Dida Mobility App*. These activities are not distinct from each other and are not separate performance obligations. As a result, our single performance obligation in the transaction is to connect private car owners with carpooling riders to facilitate the completion of a successful transportation service for riders.

We earn fees from the private car owners as a fixed amount predetermined based on the expected trip distance plus a minimum fee per transaction. As there is only one performance obligation in the transaction, there is no allocation of the transaction price. We recognize revenue at a point in time upon completion of a trip, at which time the performance obligation is satisfied.

#### *Revenue from providing taxi online-hailing services*

We generated all the smart taxi service revenue from taxi online-hailing services during the Track Record Period. We charge service fees to taxi drivers in connection with our taxi online-hailing services and we consider taxi drivers as our customers. Taxi drivers accept the terms and conditions with us to receive the taxi online-hailing services through the use of our platform. The terms and conditions define the fees we charge taxi drivers for each transaction and each party’s rights and obligations regarding the taxi online-hailing services and payment terms. Contracts are created between taxi drivers and us when the taxi driver confirms an online-hailing request from a taxi rider. The duration of a contract typically equals to the duration of a trip.

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We provide service to the taxi drivers to assist them to complete transportation service to the taxi riders. Our performance obligation is to arrange for the provision of the taxi services rather than providing the taxi service itself, and therefore, we consider ourselves as an agent and recognize revenue on a net basis, which represents the fee charged by us to the taxi drivers. The service includes on-demand lead generation that assists the taxi drivers to find, receive and fulfill on-demand requests from riders seeking transportation services and related collection activities, using the *Dida Mobility App*. These activities are not distinct from each other and are not separate performance obligations. As a result, our single performance obligation in the transaction is to connect drivers with riders to facilitate the completion of a successful transportation service for riders.

We earn fees from the taxi drivers as a fixed amount predetermined based on the expected trip distance and plus a minimum fee per transaction. As there is only one performance obligation in the transaction, there is no allocation of the transaction price. We recognize revenue at a point in time upon completion of a taxi trip, at which time the performance obligation is satisfied.

### *Revenue from advertising and other services*

We offer advertising and other services by selling in-app advertising spaces to third-party merchants. Such third-party merchants, who we consider as our customers, make payments to us based on the duration of the advertisements displayed on our platform or our marketing performance for the programmatic advertising services. For display-based marketing services, the revenue is recognized overtime on a pro-rata basis over the contractual service period, which is normally less than one year, starting from the first date the advertisement is displayed on our platform. For performance-based marketing services, the revenue is recognized when relevant specified performance measures are fulfilled. As the advertising services are provided through the advertising spaces generated by our own mobile application, we consider ourselves as a principal when providing advertising services and recognizes revenue on a gross basis.

### *Driver subsidy and user incentive programs*

We attract drivers and riders for both the carpooling marketplace services and the taxi online-hailing services with subsidies and incentives.

### *Subsidies to private car owners and taxi drivers*

We offer various subsidy programs to private car owners and taxi drivers, including volume-based and performance-based subsidies payments. Volume-based subsidies represent subsidies granted upon completion of certain number of trips by the drivers, and performance-based subsidies represent subsidies granted upon completion of trips which meet certain criteria, such as completing trips during the traffic peak, or for referrals of new drivers or riders.

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Volume-based subsidies are similar to retrospective volume-based rebates and represent variable consideration that is typically settled within a week. Performance-based subsidies are granted upon completion of a trip which met certain criteria. As private car owners and taxi drivers are our customers, volume-based subsidies and performance-based subsidies granted upon completion of a trip which meet certain criteria are consideration payable to customers under IFRS 15, and therefore, such subsidies are recorded as a reduction to revenue since we do not receive a distinct good or service in exchange for the payment or cannot reasonably estimate the fair value of the good or service received. When the amount of these subsidies granted exceeds the revenue we generated on an order-by-order basis, the excess portion is recorded in cost of services or may lead to negative revenue. Subsidies granted to taxi drivers where we have not charged service fee are recorded in selling and marketing expenses.

Performance-based subsidies granted for referrals of new drivers or riders are considered as payments in exchange of distinct services and are accounted for as user acquisition costs, recorded as selling and marketing expenses.

### *Rider incentives*

We have several rider incentive programs, which are established to encourage rider to ride with us. An example is a promotion where we offer a number of discounted rides (capped at a given number of rides) which are valid only during a limited period of time to a targeted group of riders. During the promotion period, riders not utilizing an incentive would be charged the full fare. Riders are not our customers under IFRS 15 and, therefore, incentives granted to riders are not consideration payable to customers and are not within the scope of IFRS 15. These incentives represent selling and marketing expenses. These incentives reduce the amount we collect from riders on behalf of private car owners or taxi drivers, rather than the amount payable to private car owners or taxi drivers and the service fees we charged. As a result, we bear the cost of such incentives. When a rider redeems the incentive, we recognize the cost of the incentive as selling and marketing expenses.

### **Share-based Payments**

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in the share-based payment reserves in equity. At the end of each reporting period, we revise our estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserves. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

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When share options are exercised, the amount previously recognized in share-based payment reserves will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserves will continue to be held in share-based payments reserves.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

When the terms and conditions of an equity-settled share-based payment arrangement are modified, we recognize, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if we modify the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, we take the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

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

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

### **Taxation**

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

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. We consider the following criteria in assessing the

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probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized: (1) whether we have sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire; (2) whether it is probable that we will have taxable profits before the unused tax losses or unused tax credits expire; (3) whether the unused tax losses result from identifiable causes which are unlikely to recur; and (4) whether tax planning opportunities are available to us that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the years during the Track Record Period, to recover or settle the carrying amount of assets and liabilities.

### **Financial Instruments**

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

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

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

### *Financial assets*

#### *Classification and measurement of financial assets*

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

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

Investments in wealth management products issued by banks are classified as financial assets at FVTPL as the principal amount and expected returns of these wealth management products are not guaranteed, and the contractual terms does not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Impairment of financial assets subject to impairment assessment under IFRS 9*

We perform impairment assessment under expected credit losses (“ECL”) model on financial assets, including trade receivables, other receivables, and bank balances and cash, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

We always recognize lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively for the remaining balances of debtors using a provision matrix with appropriate groupings.



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

### *Preferred Shares*

Preferred Shares issued by us are redeemable at the option of the holders at any time commencing on the redemption start date. Preferred Shares can be converted into variable number of our ordinary shares. Holders of Preferred Shares also have preference on liquidation, voting rights and rights to participate in dividends.

We designated the Preferred Shares (including any embedded non-equity derivatives features) as financial liability at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value, with changes in fair value not attributable to changes in credit risk recognized as change in fair value of Preferred Shares in the consolidated statements of profit or loss, and changes in fair value attributable to changes in credit risk recognized in other comprehensive income.

In addition to the underlying equity value of our Company determined by discounted cash flow method, other key valuation assumptions used in Black-Scholes option pricing model to determine the fair value of the Preferred Shares are as follows:

	As of December 31,		
	2021	2022	2023
Risk-free interest rate . . . . .	0.53%	4.76%	5.40%
Volatility . . . . .	36.88%	40.58%	36.92%
Scenario probability – conversion . . . . .	80.00%	80.00%	80.00%
Scenario probability – liquidation . . . . .	10.00%	10.00%	10.00%
Scenario probability – redemption . . . . .	10.00%	10.00%	10.00%

We estimate the risk-free interest rate based on the yield of US Government Bond with maturity life close to the redemption/liquidation date as of the valuation date. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation date and with similar span as time to expiration. Probability weight under each of the conversion feature, redemption feature and liquidation preferences was based on our best estimates. In addition to the assumption adopted above, our projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

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### DESCRIPTION OF MAJOR PROFIT OR LOSS LINE ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
<b>Revenue</b> . . . . .	780,583	100.0	569,078	100.0	815,085	100.0
Cost of services . . . . .	(149,319)	(19.1)	(141,515)	(24.9)	(209,714)	(25.7)
<b>Gross profit</b> . . . . .	631,264	80.9	427,563	75.1	605,371	74.3
Other income . . . . .	8,351	1.1	15,570	2.7	19,551	2.4
Other gains and losses . . . . .	2,423	0.3	4,379	0.8	6,670	0.8
Impairment losses under expected credit loss model, net of reversal . . . . .	(670)	(0.1)	(1,161)	(0.2)	1,441	0.2
Selling and marketing expenses . . . . .	(255,867)	(32.8)	(234,941)	(41.3)	(233,647)	(28.7)
Administrative expenses . . . . .	(26,842)	(3.4)	(35,330)	(6.2)	(31,980)	(3.9)
Research and development expenses . . . . .	(60,071)	(7.7)	(88,995)	(15.6)	(121,699)	(14.9)
Change in fair value of Preferred Shares . . . . .	1,521,173	194.9	(234,138)	(41.1)	209,282	25.7
Share-based payment expenses . . . . .	(22,725)	(2.9)	(29,804)	(5.2)	(110,351)	(13.5)
Finance costs . . . . .	(274)	(0.0)	(230)	(0.0)	(285)	(0.0)
[REDACTED] . . . . .	(5,484)	(0.7)	(8,397)	(1.5)	(24,102)	(3.0)
<b>Profit/(loss) before taxation</b> . . . . .	1,791,278	229.5	(185,484)	(32.6)	320,251	39.3
Income tax expense . . . . .	(60,272)	(7.7)	(2,147)	(0.4)	(19,867)	(2.4)
<b>Profit/(loss) for the year</b> . . . . .	<u>1,731,006</u>	<u>221.8</u>	<u>(187,631)</u>	<u>(33.0)</u>	<u>300,384</u>	<u>36.9</u>

### Non-IFRS Measure

To supplement our consolidated financial statements which are presented under IFRS, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRS. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as analytical tools, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

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We define adjusted net profit (non-IFRS measure) as profit/(loss) for the year adjusted for share-based payment expenses, change in fair value of Preferred Shares, and [REDACTED]. Share-based payment expenses are non-cash in nature arising from the grant of restricted shares and options to 5brothers Limited and other senior management and employees. For change in fair value of Preferred Shares, the Preferred Shares will be automatically converted into ordinary shares upon completion of the [REDACTED] and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [REDACTED]. [REDACTED] is the expense relating to the [REDACTED]. Therefore, we believe that these items should be adjusted for when calculating our adjusted net profit (non-IFRS measure) to facilitate potential investors in assessing our performance, especially in making year-to-year comparisons of, and assessing the profile of, our operating and financial performance.

The following table reconciles our adjusted net profit (non-IFRS measure) for the year presented under IFRS, which is profit/(loss) for the year.

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
<b>Profit/(loss) for the year</b> . . . . .	1,731,006	(187,631)	300,384
Adjusted for:			
Share-based payment expenses . . . . .	22,725	29,804	110,351
Change in fair value of Preferred Shares . . . .	(1,521,173)	234,138	(209,282)
[REDACTED] . . . . .	5,484	8,397	24,102
<b>Adjusted net profit for the year (non-IFRS measure)</b> . . . . .	238,042	84,708	225,555

### Revenue

During the Track Record Period, we generated revenue primarily from the provision of carpooling marketplace services, and to a lesser extent, from the provision of smart taxi services, advertising and other services, primarily including automobile value-added services. The following table sets forth a breakdown of our revenue by operating segment, both in absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Provision of carpooling marketplace services . . . . .	695,131	89.0	514,899	90.5	774,012	95.0
Provision of smart taxi services <sup>(1)</sup> . . . . .	32,629	4.2	19,421	3.4	11,328	1.4
Provision of advertising and other services . . . . .	52,823	6.8	34,758	6.1	29,745	3.6
<b>Total</b> . . . . .	780,583	100.0	569,078	100.0	815,085	100.0

(1) We generated all the smart taxi service revenue from taxi online-hailing services during the Track Record Period.

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We generated revenue of RMB695.1 million, RMB514.9 million and RMB774.0 million from the provision of carpooling marketplace services in 2021, 2022 and 2023, respectively, representing 89.0%, 90.5% and 95.0% of our total revenue in the same years, respectively. We derive revenue primarily from charging service fees to private car owners providing carpooling rides on our platform. In 2021, 2022 and 2023, we facilitated approximately 129.7 million, 94.2 million and 130.3 million carpooling rides, respectively, representing a GTV of RMB7.8 billion, RMB6.1 billion and RMB8.6 billion for the same years, respectively. The number of carpooling rides we facilitated decreased from 2021 to 2022, primarily due to the resurgence of COVID-19 in multiple localities, particularly in cities where we had major operations. For example, there were significant local outbreaks in Shanghai from March 2022 to June 2022, and in Beijing from March to May and from November to December in 2022, which also led to the decrease in GTV for the same periods. Our net service fee rate was 7.4%, 7.1% and 7.8% for the same years, respectively, which was in line with the general market level, where major market players generally maintained an average net service fee rate of no more than 8.0% in 2023, according to the F&S Report. Our revenue generated from the provision of carpooling marketplace services decreased from 2021 to 2022, primarily due to the decrease in the number of the carpooling rides we facilitated as a result of the regional resurgence of COVID-19 in multiple localities. Our revenue generated from the provision of carpooling marketplace services increased from 2022 to 2023, primarily due to the increases in the number of the carpooling rides we facilitated and the average fare per carpooling ride in the same periods.

We generated all the smart taxi service revenue from taxi online-hailing services during the Track Record Period. We had not monetized the other aspects of our smart taxi services as of the Latest Practicable Date. We generated revenue of RMB32.6 million, RMB19.4 million and RMB11.3 million from the provision of smart taxi services in 2021, 2022 and 2023, respectively, representing 4.2%, 3.4% and 1.4% of our total revenue in the same years, respectively.

We derive revenue primarily from charging service fees to taxi drivers for the online-hailing rides we facilitated. In 2021, 2022 and 2023, we facilitated approximately 35.5 million, 21.5 million and 12.1 million taxi online-hailing rides, respectively. Our net service fee rate was 2.1%, 1.8% and 3.3% for the same years, respectively. According to the F&S Report, our net service fee rate was in line with the market practice and comparable to that of other major market players who generally charged net service fee rate of approximately 2.0% in 2023. The increase in our net service fee rate in 2023 was primarily due to the change in the composition structure of the taxi rides we facilitated in terms of their travel distance, which, when assessed through our tiered pricing model, led to an increased net service fee rate. According to the F&S Report, the service fee rate for taxi online-hailing services varies among different platforms based on their distinctive business plans, and major players in the industry generally have stronger pricing power. We believe we will be able to maintain our net service fee rate as we expect to continue to incur limited user subsidies to drivers, primarily because (1) we strategically expand our taxi online-hailing services in collaboration with taxi companies and associations, and therefore, acquire and retain users in a cost-effective manner, and (2) we expect to further increase user stickiness by gradually expanding our smart taxi services.

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Our revenue generated from the provision of smart taxi services decreased from 2021 to 2022, primarily due to the decrease in the number of taxi online-hailing rides we facilitated as a result of the regional resurgence of COVID-19 in multiple localities in the same years. Our revenue generated from the provision of smart taxi services decreased from 2022 to 2023, primarily due to the decrease in the number of taxi online-hailing rides we facilitated resulting from the intensified market competition and the cessation of our cooperation with aggregation platforms related to taxi online-hailing services.

We generated RMB52.8 million, RMB34.8 million and RMB29.7 million from the provision of advertising and other services in 2021, 2022 and 2023, respectively, representing 6.8%, 6.1% and 3.6% of our total revenue in the same years, respectively. We provide advertising spaces on our mobile apps to third-party merchants and derive revenue primarily from charging advertising fees. We also charge commissions to third-party service providers of automobile value-added services based on the sales leads generated or number of new customers they acquire through our platform. Our revenue generated from the provision of advertising and other services decreased from 2021 to 2023 in terms of both absolute amount and as a percentage of our total revenue, primarily due to the decreased advertising budgets of our corporate customers as a result of the COVID-19 resurgence and the prolonged economic downturn.

### Cost of Services

Our cost of services primarily consisted of payment processing costs, third-party services costs, subsidies to private car owners, insurance costs, staff costs, security costs, office related costs, outsourcing advertising services costs, and others. The following table sets forth a breakdown of our cost of services by nature, both in absolute amount and as a percentage of total cost of services, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Payment processing costs . . .	54,316	36.4	42,436	30.0	58,933	28.1
Third-party services costs . . .	25,855	17.3	27,881	19.7	61,122	29.1
Subsidies to private car owners <sup>(1)</sup> . . . . .	8,800	5.9	17,575	12.4	29,002	13.8
Insurance costs . . . . .	19,165	12.8	17,359	12.3	27,755	13.2
Staff costs . . . . .	8,168	5.5	14,152	10.0	14,948	7.1
Security costs . . . . .	9,579	6.4	6,898	4.9	8,099	3.9
Office related costs . . . . .	5,913	4.0	6,124	4.3	4,492	2.1
Outsourcing advertising services costs . . . . .	11,705	7.8	6,939	4.9	2,782	1.4
Others <sup>(2)</sup> . . . . .	5,818	3.9	2,151	1.5	2,581	1.3
<b>Total</b> . . . . .	<u>149,319</u>	<u>100.0</u>	<u>141,515</u>	<u>100.0</u>	<u>209,714</u>	<u>100.0</u>

(1) Represent the portion of subsidies that exceed the revenue recognized from corresponding rides.

(2) Include primarily urban maintenance and construction tax.

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Payment processing costs primarily consisted of commission charges paid to third-party payment platforms, such as WeChat Pay and Alipay, in connection with our carpooling marketplace services and taxi online-hailing services. Payment processing costs were calculated at a percentage of the ride fare paid by riders of our carpooling marketplace services and taxi online-hailing services, where the average commission rate remained generally stable during the Track Record Period. We split payment processing costs between carpooling marketplace services and smart taxi services proportionally based on the amount of ride fare of our carpooling marketplace services and taxi online-hailing services, respectively. Third-party services costs primarily consisted of (1) operational and maintenance services fees paid to server hosting providers, software service providers and cloud service providers, which was split between carpooling marketplace services and smart taxi services proportionally based on the number of rides facilitated by our carpooling marketplace services and enabled by our smart taxi services, respectively, (2) services fees paid to providers for message verification codes and notification text messages, which was split between carpooling marketplace services and smart taxi services (i) proportionally based on the number of text messages delivered for carpooling marketplace services and smart taxi services, respectively, if such text messages were delivered distinguishably for the two service segments, or (ii) equally based on the total number of text messages delivered if such text messages were delivered indistinguishably for the two service segments, and (3) service fees paid to aggregation platforms in relation to our carpooling marketplace services. Subsidies to private car owners primarily consisted of the portion of subsidies paid to private car owners or taxi drivers that exceed the revenue recognized from such private car owners or taxi drivers relating to corresponding rides. For the basis of determining whether the subsidies to private car owners should be classified as reduction to revenue, cost of services or selling and marketing expenses, see “—Material Accounting Policy Information, Estimates and Assumptions—Revenue from Contracts with Customers—Driver subsidy and user incentive programs” and Note 4 to the Accountants’ Report in Appendix I. Insurance costs primarily consisted of purchase of insurance coverage for carpooling rides we facilitated. Staff costs primarily consisted of salaries, bonuses, social insurance and other benefits paid to our operations personnel. Security costs were primarily related to our security measures, including fees paid to third-party vendors for facial recognition, virtual number and real-name authentication services. Office related costs primarily consisted of depreciation and amortization costs related to office furniture and equipment, office renovation costs and lease payments. Outsourcing advertising services costs were primarily related to the design of advertisements we outsourced from third-party vendors, where corporate customers for our advertising services engage us to design the display style of the advertisements to fit in our platform for optimal display results.

Our payment processing costs decreased from 2021 to 2022 but then increased in 2023. The trend of change was generally consistent with the change in the GTV of rides we facilitated during the Track Record Period, although its quantitative values were not identical. The differences in percentage decrease between payment processing costs and the corresponding GTV of carpooling marketplace services and taxi online-hailing services, respectively, are primarily due to the following factors: (1) the GTV represents the total value of rides in terms of ride fare paid by riders, without adjusting for applicable incentives; however, the payment of incentives to riders is directly handled by us, without involving third-party payment platforms or incurring related commission charges paid to such platforms; (2) the GTV also includes the value of the rides we facilitated through cooperation with aggregation platforms, where certain aggregation platforms, rather than us, bear the associated

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payment processing costs for the rides; and (3) for carpooling marketplace business, we incurred payment processing costs in relation to the sale of weekly coupons, which would not be included in the relevant GTV. Our third-party services costs increased during the Track Record Period, primarily due to the increase in operational and maintenance services fees as we have enhanced technology infrastructure and security measures. In addition, we newly cooperated with an aggregation platform in relation to our carpooling marketplace services in 2023, resulting in an increase in the service fees paid to aggregation platforms and contributing to the increase in our third-party services costs in the same year. Our subsidies to private car owners recorded as cost of services increased during the Track Record Period, primarily because we strategically increased our subsidies for private car owners to incentivize them to provide rides on our platform. See “—Our Ability to Expand Our User Base and Increase User Engagement.” Our insurance costs decreased from 2021 to 2022, primarily due to the decrease in the number of carpooling rides we facilitated, partially offset by the increased insured cap of insurance coverage for carpooling rides. Our insurance costs increased from 2022 to 2023, primarily due to the increase in the number of carpooling rides we facilitated and the increase in the proportion of inter-city trips which had a higher insured cap than intra-city trips. Our staff costs generally increased during the Track Record Period, primarily due to the increases in the total number of our operational personnel and the overall salary level of our employees. Our security costs decreased from 2021 to 2022 but then increased in 2023, along with the change in the number of rides we facilitated. Our outsourcing advertising services costs decreased from 2021 to 2022, generally in line with the decreased business volume of our advertising services. Our outsourcing advertising services costs decreased in 2023 compared to 2022, primarily due to the expansion of our programmatic advertising services, which was more cost-efficient than the direct sales of our in-app advertising spaces.

The following table sets forth a breakdown of our cost of services by operating segment, both in absolute amount and as a percentage of total cost of services, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Provision of carpooling marketplace services . . . . .	101,463	68.0	105,305	74.4	186,654	89.0
Provision of smart taxi services . . . . .	30,103	20.1	26,528	18.8	17,109	8.2
Provision of advertising and other services . . . . .	17,753	11.9	9,682	6.8	5,951	2.8
<b>Total</b> . . . . .	<u>149,319</u>	<u>100.0</u>	<u>141,515</u>	<u>100.0</u>	<u>209,714</u>	<u>100.0</u>



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### Gross Profit/(Loss) and Gross Margin

Our gross profit was RMB631.3 million, RMB427.6 million and RMB605.4 million in 2021, 2022 and 2023, respectively, representing a gross profit margin of 80.9%, 75.1% and 74.3% for the same years, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by operating segment for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin
	(RMB in thousands, except for percentages)					
Provision of carpooling marketplace services . . . . .	593,668	85.4%	409,594	79.5%	587,358	75.9%
Provision of smart taxi services . . . . .	2,526	7.7%	(7,107)	(36.6)%	(5,781)	(51.0)%
Provision of advertising and other services . . . . .	35,070	66.4%	25,076	72.1%	23,794	80.0%
<b>Total</b> . . . . .	<u>631,264</u>	<u>80.9%</u>	<u>427,563</u>	<u>75.1%</u>	<u>605,371</u>	<u>74.3%</u>

Our gross profit margin for the provision of carpooling marketplace services decreased from 2021 to 2022, primarily because (1) we increased our subsidies to private car owners to incentivize them to provide rides on our platform, a portion of which were recorded as cost of services after netting off to derive revenue from corresponding rides, (2) we continued to incur certain fixed costs related to the provision of carpooling marketplace services, such as staff costs, whereas the relevant revenue decreased as a result of the COVID-19 pandemic, and (3) our insurance costs decreased at a lower pace than the related revenue in the same periods as we paid higher insurance premium to increase the insured cap of insurance coverage for carpooling rides. Our gross profit margin for the provision of carpooling marketplace services decreased from 2022 to 2023 primarily due to the faster increase in our cost of services related to the provision of carpooling marketplace services, because (1) we enhanced technology infrastructure and security measures, leading to the increase in operational and maintenance services fees, and we also newly cooperated with an aggregation platform in relation to our carpooling marketplace services in 2023, resulting in an increase in the service fees paid to aggregation platforms, which collectively contributed to the increase in our third-party services costs in the same year, and (2) our insurance costs increased at a relatively faster pace primarily due to the increase in the number of carpooling rides we facilitated and the increase in the proportion of inter-city trips which had a higher insured cap than intra-city trips.

Our gross margin for the provision of smart taxi services decreased from 2021 to 2023, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated resulting from (i) the impact of COVID-19 resurgence in multiple localities, particularly in 2022; (ii) the decrease in the number

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of average monthly active certified taxi drivers on our platform in 2023 because of shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry, which negatively affected our service volume; and (iii) the gradual cessation of our cooperation with aggregation platforms related to taxi online-hailing services; (2) we incurred certain fixed operational and maintenance costs for the smart taxi services (including payroll costs for maintenance staff and office related costs), which were not directly related to the transaction volume of smart taxi services; and (3) we allocated certain variable operational and maintenance costs (primarily including infrastructure cost, security cost and services fees for certain message verification codes and notification text messages) to smart taxi services proportionally based on the total number of taxi rides we enabled, including those we have not yet charged service fees, as such rides also utilized relevant text message services, our infrastructure (such as servers, software and cloud) and security measures (such as facial recognition, virtual number and real-name authentication), and incurred corresponding costs, which accounted for an increasing portion of the total number of taxi rides we enabled in 2021 and 2022. The total number of non-charging taxi rides we enabled under our smart taxi services was 123.1 million, 112.6 million and 16.5 million in 2021, 2022 and 2023, respectively, accounting for 82.0%, 89.3% and 67.6% of the total number of taxi rides we enabled under our smart taxi services in the same years, respectively. Regarding the nature of the fixed operational and maintenance costs for the smart taxi services, the payroll costs are for the maintenance staff, which primarily consists of employees from our operations and maintenance department, infrastructure department, business development center and project management department, who are responsible for maintaining the normal operations of our servers; and office related costs primarily consist of depreciation, lease expenses, utilities and other administrative expenses. As such, we recorded negative gross margin of 36.6% and 51.0% in 2022 and 2023, respectively.

Our gross profit margin for the provision of advertising and other services increased from 2021 to 2022, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces. Our gross profit margin for the provision of advertising and other services increased from 2022 to 2023, as we engaged less third-party services to connect with advertisers and instead relied more on in-house research and development which was more cost-effective.

### **Other Income**

Other income consisted of interest income and certain non-recurring government grants and others. Our other income was RMB8.4 million, RMB15.6 million and RMB19.6 million in 2021, 2022 and 2023, respectively.

### **Other Gains and Losses**

Other gains and losses consisted of gain on fair value changes of financial assets at fair value through profit or loss, penalty charges/reversal, foreign exchange gain/loss and others. We recorded other gains of RMB2.4 million, RMB4.4 million and RMB6.7 million in 2021, 2022 and 2023, respectively.

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### Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of user incentives and subsidies for private car owners, carpooling riders, taxi riders and taxi drivers, marketing and promotion expenses, outsourcing expenses for customer services, staff expenses and others. The following table sets forth a breakdown of our selling and marketing expenses, both in absolute amount and as a percentage of total selling and marketing expenses, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
User incentives and subsidies . . . . .	131,453	51.4	83,172	35.4	75,744	32.4
Marketing and promotion expenses . . . . .	56,688	22.2	84,667	36.0	78,445	33.6
Outsourcing expenses for customer services . . . . .	44,917	17.5	36,769	15.7	46,733	20.0
Staff expenses . . . . .	20,757	8.1	27,827	11.8	30,135	12.9
Others <sup>(1)</sup> . . . . .	2,052	0.8	2,506	1.1	2,590	1.1
<b>Total</b> . . . . .	<u>255,867</u>	<u>100.0</u>	<u>234,941</u>	<u>100.0</u>	<u>233,647</u>	<u>100.0</u>

(1) Include primarily lease payments for offices allocated to our sales and marketing personnel, conference expenses, expenses incurred for our in-house customer service staff and travel expenses incurred by our sales and marketing personnel.

We market our platform primarily through the efforts of our sales and marketing department. We, from time to time, provided various forms of subsidies and incentives, such as coupons and cash awards, to acquire users, improve their stickiness to our platform, and increase user activity, especially at an earlier development stage of our business and under special circumstances, such as the COVID-19 outbreak. User incentives and subsidies primarily consisted of (1) user subsidies to private car owners related to user acquisition, (2) user subsidies to taxi drivers for rides we have not charged service fees, and (3) user incentives to carpooling and taxi riders. For the basis of determining whether the subsidies to private car owners and taxi drivers should be classified as reduction to revenue, cost of services or selling and marketing expenses, see “—Material Accounting Policy Information, Estimates and Assumptions—Revenue from Contracts with Customers—Driver subsidy and user incentive programs” and Note 4 to the Accountants’ Report in Appendix I. During the Track Record Period, we implemented and continued to refine our user reward scheme based on the industry condition, our operations and our financial performance.

Marketing and promotion expenses primarily consisted of expenses related to marketing and branding campaigns to enhance our brand awareness and expand our user base. Outsourcing expenses for customer services primarily consisted of expenses of deploying contracted outsourcing customer service staff to serve our users through telephone hotlines and online inquiry systems. Staff expenses primarily consisted of salaries, bonuses, social insurance and other benefits paid to our sales and marketing personnel and our operations personnel relating to sales and marketing.

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### Administrative Expenses

Our administrative expenses primarily consisted of staff expenses, professional service fees, office related expenses, depreciation and amortization expenses and others. The following table sets forth a breakdown of our administrative expenses, both in absolute amount and as a percentage of total administrative expenses, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff expenses . . . . .	16,771	62.5	19,745	55.9	21,162	66.2
Professional service fees . . .	5,160	19.2	11,388	32.2	6,352	19.9
Office related expenses . . . .	2,463	9.2	2,113	6.0	3,124	9.8
Depreciation and amortization expenses . . . .	1,457	5.4	638	1.8	357	1.1
Others <sup>(1)</sup> . . . . .	991	3.7	1,446	4.1	985	3.0
<b>Total</b> . . . . .	<u>26,842</u>	<u>100.0</u>	<u>35,330</u>	<u>100.0</u>	<u>31,980</u>	<u>100.0</u>

(1) Include primarily recruitment, training and tax expenses.

Staff expenses primarily consisted of salaries, social insurance costs, housing benefits and other welfare benefits for our administrative personnel, management personnel and our in-house background check and verification team. Professional service fees primarily consisted of consulting fees, audit fees and fees paid to outsourced background check and verification service providers. Office related expenses primarily consisted of office and conference expenses and travel expenses incurred by our administrative personnel, management personnel and our in-house background check and verification team. Depreciation and amortization expenses were primarily related to office furniture and equipment and office renovation allocated to our administrative personnel, management personnel and our in-house background check and verification team.

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### Research and Development Expenses

Our research and development expenses primarily consisted of staff expenses, depreciation and amortization expenses and others. The following table sets forth a breakdown of our research and development expenses, both in absolute amount and as a percentage of total research and development expenses, for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff expenses . . . . .	54,815	91.3	84,829	95.3	115,617	95.0
Depreciation and amortization expenses . . . .	4,511	7.5	3,505	3.9	4,789	3.9
Others <sup>(1)</sup> . . . . .	745	1.2	661	0.8	1,293	1.1
<b>Total</b> . . . . .	<b>60,071</b>	<b>100.0</b>	<b>88,995</b>	<b>100.0</b>	<b>121,699</b>	<b>100.0</b>

(1) Include primarily travel expenses.

Staff expenses primarily consisted of salaries, social insurance costs, housing benefits and other welfare benefits for our research and development personnel and product development personnel. Depreciation and amortization expenses were primarily related to equipment of servers and computers. Our staff expenses remained as the main portion of our research and development expenses during the Track Record Period. Our staff expenses increased during the Track Record Period as we increased the overall salary level of our employees and the headcount of our research and development personnel to enhance our technology capabilities.

### Change in Fair Value of Preferred Shares

We had a loss of RMB234.1 million in 2022, and a gain of RMB1,521.2 million and RMB209.3 million in 2021 and 2023, respectively, from the change in fair value of Preferred Shares. We issued several series of Preferred Shares to our Shareholders. We adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period. For more details, see Note 25 to the Accountants’ Report in Appendix I to this document.

### Share-based Payment Expenses

We had share-based payment expenses of RMB22.7 million, RMB29.8 million and RMB110.4 million in 2021, 2022 and 2023, respectively. Our share-based payment expenses primarily reflected the issuance of share-based awards under the [REDACTED] Share Incentive Schemes. See Note 28 to the Accountants’ Report in Appendix I to this document.

### Finance Costs

We had finance costs of RMB0.3 million, RMB0.2 million and RMB0.3 million in 2021, 2022 and 2023, respectively, which consisted of interest on lease liabilities relating to our office space.

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### Income Tax Expense

We had income tax expense of RMB60.3 million in 2021, representing (1) utilization of deferred tax assets against current year profits and (2) change in tax rate of one PRC subsidiary for preferential tax status granted, resulting in a reversal of deferred tax asset of RMB22.8 million. We had income tax expense of RMB2.1 million in 2022, representing utilization of deferred tax assets against current year profits. We had income tax expense of RMB19.9 million in 2023, representing utilization of deferred tax assets against current year profits.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and accordingly is not subject to income tax. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period. Pursuant to the EIT Law and related regulations, enterprises which operate in China are subject to enterprise income tax at a rate of 25% on their taxable profits. Beijing Changxing, one of our Consolidated Affiliated Entities, has been recognized as a “high and new technology enterprise” in China since 2016, and enjoyed a preferential income tax rate of 15% for a period of three years from 2019 to 2022 and from 2022 to 2024 upon renewal. Pintu (Beijing) Information Technology Co. Ltd., the WFOE, has also been recognized as a “high and new technology enterprise” in China since 2021, and enjoyed a preferential income tax rate of 15% for a period of three years from 2021 to 2023. For risks relating to our preferential tax treatments, see “Risk Factors—Risks Relating to Our Business and Industry—Failure to obtain government grants or preferential tax treatments that may be available to us, or the discontinuation, reduction or delay of any of the government grants or preferential tax treatments currently enjoyed by us in the future could materially and adversely affect our business, results of operations and financial condition.” During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

### Profit/(loss) for the Year

We recognized net profit of RMB1,731.0 million and RMB300.4 million in 2021 and 2023, respectively, and net loss of RMB187.6 million in 2022.

## YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

#### *Revenue*

Our revenue increased by 43.2% from RMB569.1 million in 2022 to RMB815.1 million in 2023 for the following reasons.

- *Provision of carpooling marketplace services.* Our revenue generated from the provision of carpooling marketplace services increased by 50.3% from RMB514.9 million in 2022 to RMB774.0 million in 2023, primarily due to the growth of our carpooling marketplace

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services along with our business recovery from the adverse impact of COVID-19 outbreaks, as evidenced by the increases in (1) the number of the carpooling rides we facilitated from 94.2 million to 130.3 million, driven by the increase in the average monthly active certified private car owners and carpooling riders from approximately 1.2 million and 3.7 million in 2022, respectively, to approximately 1.6 million and 4.8 million in 2023, respectively, and (2) the average fare per carpooling ride by 3.1% from RMB64.3 to RMB66.3 in the same years, resulting from the increased proportion of inter-city trips among all the carpooling trips driven by the recovery in inter-city travel demands after the COVID-19 pandemic and our enhanced efforts to grow inter-city trips.

- *Provision of smart taxi services.* Our revenue generated from the provision of smart taxi services decreased by 41.7% from RMB19.4 million in 2022 to RMB11.3 million in 2023, primarily due to the decrease in the number of taxi online-hailing rides we facilitated from 21.5 million to 12.1 million, resulting from (1) the decrease in the number of average monthly active certified taxi drivers on our platform from 140,000 to 102,000 in the same years, because of shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry, which negatively affected our service volume; in contrast, our carpooling service was less impacted because of its reliance on private car owners (rather than professional drivers) and its collaborative (rather than commercial) nature, according to the F&S Report; and (2) the cessation of our cooperation with aggregation platforms related to taxi online-hailing services, primarily because these aggregation platforms started focusing on building their own taxi online-hailing business or prioritized dispatching orders to ride-hailing drivers rather than taxi drivers for higher commissions.
- *Provision of advertising and other services.* Our revenue generated from the provision of advertising and other services decreased by 14.4% from RMB34.8 million in 2022 to RMB29.7 million in 2023, primarily due to the decreased advertising budgets of our corporate customers as a result of the prolonged economic downturn.

### *Cost of services*

Our cost of services increased by 48.2% from RMB141.5 million in 2022 to RMB209.7 million in 2023, primarily due to the increases in (1) third-party services costs, primarily due to the increase in operational and maintenance services fees as we enhanced technology infrastructure and the increase in the service fees paid to aggregation platforms as we newly cooperated with an aggregation platform in relation to our carpooling marketplace services, (2) payment processing costs, primarily because the number of rides we facilitated and the corresponding total GTV increased along with our business recovery from the adverse impact of COVID-19 outbreaks, and (3) insurance costs, primarily due to the increases in the number of rides we facilitated and the proportion of inter-city trips among all the carpooling trips.

- *Provision of carpooling marketplace services.* Our cost of services related to the provision of carpooling marketplace services increased by 77.3% from RMB105.3 million in 2022 to RMB186.7 million in 2023, primarily due to the increases in (1) payment processing



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costs by 43.7% from RMB40.1 million in 2022 to RMB57.6 million in the same period in 2023, in line with the increase in GTV by 42.5% from RMB6.1 billion to RMB8.6 billion in the same years, as the number of rides we facilitated increased along with our business recovery from the adverse impact of COVID-19 outbreaks, (2) third-party services costs, primarily due to the increase in operational and maintenance services fees as we enhanced technology infrastructure and security measures, and the increase in the service fees paid to aggregation platforms as we newly cooperated with an aggregation platform in relation to our carpooling marketplace services, and (3) insurance costs, primarily due to the increases in the number of rides we facilitated and the proportion of inter-city trips among all the carpooling trips.

- *Provision of smart taxi services.* Our cost of services related to the provision of smart taxi services decreased by 35.5% from RMB26.5 million in 2022 to RMB17.1 million in 2023, primarily due to the decreases in (1) third-party service costs related to our taxi online-hailing services by 50.8% from RMB10.4 million in 2022 to RMB5.1 million in 2023 resulting from the decrease in operational and maintenance services fees paid to server hosting providers, software service providers and cloud service providers, and (2) security costs by 68.8% from RMB3.9 million in 2022 to RMB1.2 million in 2023, as the number of taxi online-hailing rides we facilitated decreased in the period resulting from the intensified market competition and the cessation of our cooperation with aggregation platforms related to taxi online-hailing services.
- *Provision of advertising and other services.* Our cost of services related to the provision of advertising and other services decreased by 38.5% from RMB9.7 million in 2022 to RMB6.0 million in 2023, primarily due to the expansion of our programmatic advertising services, which was more cost-efficient than the direct sales of our in-app advertising spaces.

### ***Gross profit/(loss) and gross margin***

As a result of the foregoing, our gross profit increased by 41.6% from RMB427.6 million in 2022 to RMB605.4 million in 2023. Our gross profit margin remained relatively stable at 75.1% and 74.3% in 2022 and 2023, respectively.

- *Provision of carpooling marketplace services.* Our gross profit margin for the provision of carpooling marketplace services decreased from 79.5% in 2022 to 75.9% in 2023 primarily due to the faster increase in our cost of services related to the provision of carpooling marketplace services, because (1) we enhanced technology infrastructure and security measures, leading to the increase in operational and maintenance services fees, and we also newly cooperated with an aggregation platform in relation to our carpooling marketplace services in 2023, resulting in an increase in the service fees paid to aggregation platforms, which collectively contributed to the increase in our third-party services costs in the same year, and (2) our insurance costs increased at a relatively faster pace primarily due to the increase in the number of carpooling rides we facilitated and the increase in the proportion of inter-city trips which had a higher insured cap than intra-city trips.

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- *Provision of smart taxi services.* Our negative profit margin for the provision of taxi online-hailing services increased from 36.6% in 2022 to 51.0% in 2023, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated as discussed above, and (2) we incurred certain fixed operational and maintenance costs for the smart taxi services, including payroll costs for maintenance staff of RMB7.2 million and office related costs of RMB2.2 million in 2023, which were not directly related to the transaction volume of smart taxi services.
- *Provision of advertising and other services.* Our gross profit margin for the provision of advertising and other services increased from 72.1% in 2022 to 80.0% in 2023, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces.

### *Other income*

Other income increased by 25.6% from RMB15.6 million in 2022 to RMB19.6 million in 2023, primarily due to the increase in the interest income from our increased bank balances and restricted cash.

### *Other gains*

Other gains increased by 52.3% from RMB4.4 million in 2022 to RMB6.7 million in 2023, primarily due to the increase in gain on fair value changes of financial assets at fair value through profit or loss.

### *Selling and marketing expenses*

Our selling and marketing expenses decreased by 0.6% from RMB234.9 million in 2022 to RMB233.6 million in 2023, primarily due to the decreases in (1) user incentives for taxi riders and taxi drivers as a result of the decrease in the number of taxi online-hailing rides we facilitated as discussed above, and (2) marketing and promotion expenses as a result of our refined assessment mechanism for promotion campaigns to enhance the efficiency of our marketing activities, partially offset by the increase in outsourcing expenses for customer services.

### *Administrative expenses*

Our administrative expenses decreased by 9.5% from RMB35.3 million in 2022 to RMB32.0 million in 2023, primarily due to the decrease in professional service fees because in 2022, we recorded expenses in connection with our previous [REDACTED] initiatives.

### *Research and development expenses*

Our research and development expenses increased by 36.7% from RMB89.0 million in 2022 to RMB121.7 million in 2023, primarily due to the increase in staff expenses as we increased the headcount and salary level for our research and development personnel and product development personnel.

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### *Share-based payment expenses*

Our share-based payment expenses increased significantly from RMB29.8 million in 2022 to RMB110.4 million in 2023, primarily due to (1) the share transfer from the [REDACTED] Share Incentive Schemes to 5brothers Limited on March 31, 2023, and (2) an increase in certain restricted shares that were fully vested in 2023.

### *Impairment losses under expected credit loss model, net of reversal*

We had impairment losses under expected credit loss model, net of reversal of RMB1.2 million in 2022 and reversal of impairment losses of RMB1.4 million in 2023.

### *Change in fair value of Preferred Shares*

We recognized a gain of RMB209.3 million from the change in fair value of Preferred Shares in 2023, compared to a loss of RMB234.1 million in 2022, primarily due to the decreased valuation of our Company as of December 31, 2023 as a result of the prolonged equity market downturn.

### *Finance costs*

Our finance costs remained relatively stable at RMB0.2 million and RMB0.3 million in 2022 and 2023, respectively.

[REDACTED]

We recorded [REDACTED] of RMB24.1 million in connection with the [REDACTED] in 2023, compared to RMB8.4 million in 2022.

### *(Loss)/profit before taxation*

As a result of the foregoing, we had profit before taxation of RMB320.3 million in 2023, compared to loss before taxation of RMB185.5 million in 2022.

### *Income tax expense*

We had income tax expense of RMB2.1 million in 2022, representing the utilization of deferred tax assets against current year profits. We had income tax expenses of RMB19.9 million in 2023, representing utilization of deferred tax assets against current year profits.

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### *(Loss)/profit for the year*

As a result of the foregoing, we recognized net profit of RMB300.4 million in 2023, compared to net loss of RMB187.6 million in 2022.

### *Adjusted net profit for the year (non-IFRS measure)*

We recorded adjusted net profit (non-IFRS measure) of RMB225.6 million in 2023, representing an adjusted net profit margin (non-IFRS measure) of 27.7%, as compared to RMB84.7 million in 2022, representing an adjusted net profit margin (non-IFRS measure) of 14.9%. See “—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for a reconciliation of our net (loss)/profit to our adjusted net profit (non-IFRS measure).

### **Year Ended December 31, 2022 Compared to Year Ended December 31, 2021**

#### ***Revenue***

Our revenue decreased by 27.1% from RMB780.6 million in 2021 to RMB569.1 million in 2022 for the following reasons.

- *Provision of carpooling marketplace services.* Our revenue generated from the provision of carpooling marketplace services decreased by 25.9% from RMB695.1 million in 2021 to RMB514.9 million in 2022, primarily due to the decrease in the number of the carpooling rides we facilitated from 129.7 million to 94.2 million as a result of the COVID-19 resurgence in multiple localities where we had major operations; for example, there were significant local outbreaks in Shanghai from March 2022 to June 2022.
- *Provision of smart taxi services.* Our revenue generated from the provision of smart taxi services decreased by 40.5% from RMB32.6 million in 2021 to RMB19.4 million in 2022, primarily due to the decrease in the number of taxi online-hailing rides we facilitated from 35.5 million to 21.5 million, as a result of (1) the COVID-19 resurgence in multiple localities, and (2) our strategic decision to cease cooperation with aggregation platforms related to taxi online-hailing services, considering that these aggregation platforms have started to focus on building their own taxi online-hailing business.
- *Provision of advertising and other services.* Our revenue generated from the provision of advertising and other services decreased by 34.2% from RMB52.8 million in 2021 to RMB34.8 million in 2022, primarily due to the decreased advertising budgets of our corporate customers as a result of the COVID-19 resurgence in multiple localities and associated economic downturn.

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### *Cost of services*

Our cost of services decreased by 5.2% from RMB149.3 million in 2021 to RMB141.5 million in 2022, primarily due to the decrease in payment processing costs in line with the decreased GTV, as the number of rides we facilitated decreased in the period under the impact of COVID-19 resurgence in multiple localities. This decrease was partially offset by the increased subsidies to private car owners we incurred to incentivize them to provide rides on our platform, with exceeding portion recorded under our cost of services after netting off the relative revenues from corresponding rides.

- *Provision of carpooling marketplace services.* Our cost of services related to the provision of carpooling marketplace services increased by 3.8% from RMB101.5 million in 2021 to RMB105.3 million in 2022, primarily due to the increased subsidies to private car owners we incurred to incentivize them to provide rides on our platform as discussed above, partially offset by the decrease in payment processing costs related to our carpooling marketplace services by 18.0% from RMB48.9 million in 2021 to RMB40.1 million in 2022 in line with the decrease in GTV by 21.8% from RMB7.8 billion in 2021 to RMB6.1 billion in 2022, as the number of rides we facilitated decreased in the period under the impact of COVID-19 resurgence in multiple localities. The differences in percentage decrease between payment processing costs related to our carpooling marketplace services and the corresponding GTV are primarily due to the following factors: (1) the GTV represents the total value of rides in terms of ride fare paid by riders, without adjusting for applicable incentives; however, the payment of incentives to riders is directly handled by us, without involving third-party payment platforms or incurring related commission charges paid to such platforms; (2) the GTV also includes the value of the rides we facilitated through cooperation with aggregation platforms, where certain aggregation platforms, rather than us, bear the associated payment processing costs for the rides; and (3) we incurred payment processing costs in relation to the sale of weekly coupons, which would not be included in the relevant GTV.
- *Provision of smart taxi services.* Our cost of services related to the provision of smart taxi services decreased from RMB30.1 million in 2021 to and RMB26.5 million in 2022, primarily due to the decrease in payment processing costs related to our taxi online-hailing services by 56.7% from RMB5.4 million in 2021 to RMB2.4 million in 2022 in line with the decrease in GTV by 48.3% from RMB827.2 million in 2021 to RMB427.4 million in 2022, as the number of taxi online-hailing rides we facilitated decreased in the period under the impact of COVID-19 resurgence in multiple localities, partially offset by the increase in certain third-party services costs (including operational and maintenance services fees, and services fees paid to providers for message verification codes and notification text messages) allocated to provision of smart taxi services. The differences in percentage decrease between payment processing costs related to our taxi online-hailing services and the corresponding GTV are primarily due to the following factors: (1) the GTV represents the total value of rides in terms of ride fare paid by riders, without adjusting for applicable incentives; however, the payment of incentives to riders is directly handled by us, without involving third-party payment platforms or incurring related

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commission charges paid to such platforms; and (2) the GTV also includes the value of the rides we facilitated through cooperation with aggregation platforms, where certain aggregation platforms, rather than us, bear the associated payment processing costs for the rides.

- *Provision of advertising and other services.* Our cost of services related to the provision of advertising and other services decreased by 45.5% from RMB17.8 million in 2021 to RMB9.7 million in 2022, primarily due to the decrease in the amount of advertisements for third-party merchants as a result of the COVID-19 resurgence.

### ***Gross profit/(loss) and gross margin***

As a result of the foregoing, our gross profit decreased by 32.3% from RMB631.3 million in 2021 to RMB427.6 million in 2022. Our gross profit margin decreased from 80.9% in 2021 to 75.1% in 2022.

- *Provision of carpooling marketplace services.* Our gross profit margin for the provision of carpooling marketplace services decreased from 85.4% in 2021 to 79.5% in 2022, primarily because our revenue generated from the provision of carpooling marketplace services decreased at a greater pace than the related cost of services, as (1) we increased our subsidies to private car owners to incentivize them to provide rides on our platform, a portion of which were recorded as cost of services after netting off the relative revenues from corresponding rides, (2) we continued to incur certain fixed costs, such as staff costs, notwithstanding the decreased revenue, and (3) we paid higher insurance premium to increase the insured cap of insurance coverage for carpooling rides from RMB0.3 million per person for intra-city trips and RMB0.8 million per person for inter-city trips to RMB0.6 million per person for intra-city trips and RMB1.0 million per person for inter-city trips, effective since September 1, 2021, and therefore, our insurance costs decreased at a lower pace from RMB19.2 million in 2021 to RMB17.4 million in 2022 than the related revenue in the same periods.
- *Provision of smart taxi services.* We recorded gross profit margin for the provision of taxi online-hailing services of 7.7% in 2021, compared to negative gross margin of 36.6% in 2022, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated as discussed above, (2) we incurred certain fixed operational and maintenance costs for the smart taxi services, including payroll costs for maintenance staff of RMB6.8 million and office related costs of RMB3.0 million in 2022, which were not directly related to the transaction volume of smart taxi services, and (3) we allocated certain variable operational and maintenance costs (primarily including infrastructure cost, security cost and services fees for certain message verification codes and notification text messages) to smart taxi services proportionally based on the total number of taxi rides we enabled under our smart taxi services. These smart taxi services include those we have not yet charged service fees (i.e., the taxi online-hailing rides we facilitated without charging service fees and the non-charging smart taxi rides we enabled through *Taxi Hailing Assistant* and *Taxi*



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*Smart Code*), as such rides also utilized relevant text message services, our infrastructure (such as servers, software and cloud) and security measures (such as facial recognition, virtual number and real-name authentication), and incurred corresponding costs. The total number of non-charging taxi rides we enabled under our smart taxi services was 123.1 million and 112.6 million in 2021 and 2022, respectively, accounting for an increasing portion of the total number of taxi rides we enabled under our smart taxi services from 82.0% in 2021 to 89.3% in 2022, primarily due to the decrease in the number of taxi online-hailing rides we facilitated and charged service fees under the impact of the regional resurgence of COVID-19.

- *Provision of advertising and other services.* Our gross profit margin for the provision of advertising and other services increased from 66.4% in 2021 to 72.1% in 2022, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces.

### *Other income*

Other income increased by 86.4% from RMB8.4 million in 2021 to RMB15.6 million in 2022, primarily due to the increase in the interest income from our increased bank balances and restricted cash.

### *Other gains*

Other gains increased by 80.7% from RMB2.4 million in 2021 to RMB4.4 million in 2022, primarily because we recorded foreign exchange gain in 2022, as compared to foreign exchange loss in 2021, as a result of the fluctuation in foreign exchange rates.

### *Selling and marketing expenses*

Our selling and marketing expenses decreased by 8.2% from RMB255.9 million in 2021 to RMB234.9 million in 2022, primarily due to the decrease in user incentives for carpooling riders as a result of the decreased mobility demands due to the impact of the COVID-19 resurgence in multiple localities, partially offset by the increase in marketing and promotion expenses as we conducted more marketing and branding campaigns to enhance our brand awareness and expand our user base.

### *Administrative expenses*

Our administrative expenses increased by 31.6% from RMB26.8 million in 2021 to RMB35.3 million in 2022, primarily due to the increases in (1) professional service fees in connection with our previous [REDACTED] initiatives, and (2) staff expenses as we increased the overall salary level of our employees.

### *Research and development expenses*

Our research and development expenses increased by 48.1% from RMB60.1 million in 2021 to RMB89.0 million in 2022, primarily due to the increase in staff expenses as we increased the overall salary level of our employees.



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## FINANCIAL INFORMATION

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### *Share-based payment expenses*

Our share-based payment expenses increased by 31.2% from RMB22.7 million in 2021 to RMB29.8 million in 2022, primarily because we granted additional share-based awards in 2022.

### *Impairment losses under expected credit loss model, net of reversal*

We had impairment losses under expected credit loss model, net of reversal of RMB0.7 million in 2021 and RMB1.2 million in 2022, primarily due to the increase in impairment losses on trade receivables relating to our advertising services.

### *Change in fair value of Preferred Shares*

We recognized a loss of RMB234.1 million from the change in fair value of Preferred Shares in 2022, compared to a gain of RMB1,521.2 million in 2021, primarily due to the increased valuation of our Company as of December 31, 2022 as a result of the industry recovery since December 2022 when the PRC government strategically adjusted pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus.

### *Finance costs*

Our finance costs remained relatively stable at RMB0.3 million and RMB0.2 million in 2021 and 2022, respectively.

[REDACTED]

We recorded [REDACTED] of RMB8.4 million in connection with the [REDACTED] in 2022, compared to RMB5.5 million in connection with our previous [REDACTED] efforts initiatives in 2021.

### *(Loss)/profit before taxation*

As a result of the foregoing, we had profit before taxation of RMB1,791.3 million and loss before taxation of RMB185.5 million in 2021 and 2022, respectively.

### *Income tax expense*

We had income tax expense of RMB60.3 million in 2021, representing (1) utilization of deferred tax assets against current year profits and (2) change in tax rate of one PRC subsidiary for preferential tax status granted, resulting in a reversal of deferred tax asset of RMB22.8 million. We had income tax expenses of RMB2.1 million in 2022, representing utilization of deferred tax assets against current year profits.

### *(Loss)/profit for the year*

As a result of the foregoing, we recognized net loss of RMB187.6 million in 2022, compared to net profit of RMB1,731.0 million in 2021.

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### *Adjusted net profit for the year (non-IFRS measure)*

We recorded adjusted net profit (non-IFRS measure) of RMB84.7 million in 2022, representing an adjusted net profit margin (non-IFRS measure) of 14.9%, as compared to RMB238.0 million in 2021, representing an adjusted net profit margin (non-IFRS measure) of 30.5%. See “—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for a reconciliation of our net (loss)/profit to our adjusted net profit (non-IFRS measure).

### DISCUSSION OF MAJOR BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
<b>Non-current assets</b>			
Property and equipment . . . . .	16,470	10,351	8,022
Deferred tax assets . . . . .	106,649	104,502	84,635
Right-of-use assets . . . . .	1,244	5,466	5,184
Other non-current assets . . . . .	53	1,193	516
<b>Total non-current assets</b> . . . . .	<u>124,416</u>	<u>121,512</u>	<u>98,357</u>
<b>Current assets</b>			
Trade receivables . . . . .	34,714	20,096	11,890
Prepayments, deposits and other receivables . . . . .	46,736	28,443	38,124
Financial assets at fair value through profit or loss . . . . .	220,308	150,740	352,834
Restricted cash . . . . .	289,144	277,775	386,632
Bank balances and cash . . . . .	486,299	663,230	685,522
<b>Total current assets</b> . . . . .	<u>1,077,201</u>	<u>1,140,284</u>	<u>1,475,002</u>
<b>Current liabilities</b>			
Trade and other payables . . . . .	531,670	511,349	622,225
Lease liabilities . . . . .	563	4,548	2,565
Contract liabilities . . . . .	136	96	—
Convertible redeemable preferred shares . . . . .	2,342,487	4,465,607	4,256,162
<b>Total current liabilities</b> . . . . .	<u>2,874,856</u>	<u>4,981,600</u>	<u>4,880,952</u>
<b>Net current liabilities</b> . . . . .	<u>(1,797,655)</u>	<u>(3,841,316)</u>	<u>(3,405,950)</u>
<b>Total assets less current liabilities</b> . . . . .	<u>(1,673,239)</u>	<u>(3,719,804)</u>	<u>(3,307,593)</u>
<b>Non-current liabilities</b>			
Lease liabilities . . . . .	342	586	1,899
Convertible redeemable preferred shares . . . . .	1,885,758	—	—
<b>Total non-current liabilities</b> . . . . .	<u>1,886,100</u>	<u>586</u>	<u>1,899</u>
<b>Net liabilities</b> . . . . .	<u>(3,559,339)</u>	<u>(3,720,390)</u>	<u>(3,309,492)</u>
<b>Capital and reserves</b>			
Share capital . . . . .	224	224	212
Reserves . . . . .	(3,559,563)	(3,720,614)	(3,309,704)
<b>Total equity</b> . . . . .	<u>(3,559,339)</u>	<u>(3,720,390)</u>	<u>(3,309,492)</u>

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### Property and Equipment

Our property and equipment primarily consisted of furniture and fixtures and leasehold improvement. We had property and equipment of RMB16.5 million, RMB10.4 million and RMB8.0 million as of December 31, 2021, 2022 and 2023, respectively. The following table sets forth the components of our property and equipment as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Furniture and fixtures . . . . .	15,846	10,245	7,530
Leasehold improvement . . . . .	624	106	492
<b>Total</b> . . . . .	<b>16,470</b>	<b>10,351</b>	<b>8,022</b>

The decrease of our property and equipment from December 31, 2021 to December 31, 2023 was primarily due to depreciation relating to our furniture and fixtures.

### Deferred Tax Assets

Our deferred tax assets relate to deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts to the extent that the utilization of such differences and losses against future taxable profits is probable. We had deferred tax assets of RMB106.6 million, RMB104.5 million and RMB84.6 million as of December 31, 2021, 2022 and 2023, respectively, primarily due to our utilization of tax losses, the additional tax losses recognized and changes in applicable tax rates.

### Right-of-Use Assets

Our right-of-use assets consisted of leased properties. We had right-of-use assets of RMB1.2 million, RMB5.5 million and RMB5.2 million as of December 31, 2021, 2022 and 2023, respectively. The increase in our right-of-use assets from December 31, 2021 to December 31, 2022 was primarily due to the lease renewal. Our right-of-use assets remained relatively stable as of December 31, 2023 as compared to December 31, 2022.

### Trade Receivables

Our trade receivables represented amounts due from our corporate customers for our advertising and other services, net of allowance for credit losses. Our trade receivables were RMB34.7 million, RMB20.1 million and RMB11.9 million as of December 31, 2021, 2022 and 2023, respectively. Our trade receivables decreased from December 31, 2021 to December 31, 2022, primarily due to the decreased business volume of our advertising and other services, as our corporate customers reduced their advertising budgets as a result of the COVID-19 resurgence in multiple localities and associated economic downturn. Our trade receivables further decreased as of December 31, 2023, primarily due to the expansion of our programmatic advertising services, which had a relatively shorter credit period than our other advertising and other services provided to corporate customers.

## FINANCIAL INFORMATION

The following table sets forth our trade receivables and allowance for credit losses as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Trade receivables . . . . .	40,016	26,439	16,813
Less: Allowance for credit losses . . . . .	(5,302)	(6,343)	(4,923)
Trade receivables, net . . . . .	34,714	20,096	11,890

During the Track Record Period, we typically granted to our corporate customers a credit period of 30 to 120 days. We seek to maintain strict control over our outstanding trade receivables and have a credit control department to minimize the credit risk. Our senior management regularly reviews our overdue balances, and our sales and marketing personnel closely follow up with our corporate customers on payment status. The following table sets forth an aging analysis of our net trade receivables based on the date of payment due of our advertising and other services as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Current and within 90 days past due . . . . .	26,462	15,936	11,134
91 to 180 days past due . . . . .	4,272	3,547	445
181 to 365 days past due . . . . .	3,284	426	217
Over 365 days past due . . . . .	696	187	94
<b>Total</b> . . . . .	<b>34,714</b>	<b>20,096</b>	<b>11,890</b>

We determine the expected credit losses on trade receivables by using a provision matrix—debtors aging analysis, based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. We estimate the provision rates using the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonably and supportably available without undue costs or effort. At the end of each reporting period, we reassessed and updated the historical loss rates after considering the forward-looking information then available to our Directors. In this regard, our Directors consider that our credit risk is significantly reduced.

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As of December 31, 2021, 2022 and 2023, out of the past due balances, our trade receivables balance included debtors with aggregate carrying amount of RMB8.3 million, RMB4.2 million and RMB0.8 million, respectively, which was past due 90 days or more as of the reporting date. During the Track Record Period, it took longer for a few corporate customers to settle their balances with us. However, no significant losses were noted in exceeding the loss rate applied during the Track Record Period, except for the trade receivables specifically identified by us as credit impaired. We have been actively communicating with our corporate customers for settlement and are making continuous progress. As of April 30, 2024, approximately RMB9.3 million, or 55.5% of our total trade receivables (or 78.5% of our net trade receivables) as of December 31, 2023, had been settled. In addition, as of April 30, 2024, approximately RMB35.3 million, or 88.3% of our total trade receivables (or over 100% of our net trade receivables) as of December 31, 2021 had been settled, and approximately RMB21.7 million, or 82.1% of our total trade receivables (or over 100% of our net trade receivables) as of December 31, 2022 had been settled. In other words, all of our historical trade receives as of December 31, 2021 and 2022, less allowance for credit losses, had been fully recovered. Based on the foregoing, we do not believe there is any recoverability issue for trade receivable balance past due over 180 days or past due over 365 days and have made no related provision.

We calculate our trade receivables turnover days by dividing the average of opening and closing balance of trade receivables for the relevant period by the revenue generated from the provision of advertising and other services for the same period, multiplied by the number of days in that period. The following table sets forth the number of our trade receivables turnover days for the years indicated.

	Year ended December 31,		
	2021	2022	2023
Trade receivables turnover days . . . . .	224	284	194

Our trade receivable turnover days increased from 224 days in 2021 to 284 days in 2022, primarily due to the decrease in the revenue generated from the provision of advertising and other services as a result of the decreased advertising budgets of our corporate customers amid the COVID-19 resurgence and associated economic downturn. Our trade receivables turnover days decreased from 284 days in 2022 to 194 days in 2023, primarily due to the expansion of our programmatic advertising services, which had a relatively shorter credit period than our other advertising and other services provided to corporate customers.

As of April 30, 2024, approximately RMB9.3 million, or 55.5% of our trade receivables as of December 31, 2023, had been settled.

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### Prepayments, Deposits and Other Receivables

We had prepayments, deposits and other receivables of RMB46.7 million, RMB28.4 million and RMB38.1 million as of December 31, 2021, 2022 and 2023, respectively. The following table sets forth the components of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Amounts due from payment platforms . . . . .	29,462	19,534	25,838
Amounts due from aggregation platforms . . . .	8,536	2,279	516
Prepaid expenses . . . . .	6,118	4,037	4,530
Issue cost <sup>(1)</sup> . . . . .	—	1,453	4,838
Others <sup>(2)</sup> . . . . .	2,849	1,169	2,410
Less: Allowance for credit losses . . . . .	(229)	(29)	(9)
<b>Total</b> . . . . .	<b>46,736</b>	<b>28,443</b>	<b>38,124</b>

(1) Issue cost as of December 31, 2022 and 2023 represented the portion of [REDACTED] incurred in connection with the [REDACTED] that is expected to be capitalized upon issuance of new Shares.

(2) Include primarily deposits, prepaid value-added tax and other receivables.

Prepayments, deposits and other receivables decreased from RMB46.7 million as of December 31, 2021 to RMB28.4 million as of December 31, 2022, primarily due to the decreases in (1) amounts due from payment platforms as a result of the decrease in the number of rides we facilitated, and (2) amounts due from aggregation platforms as we ceased the collaboration with certain aggregation platforms in relation to our carpooling marketplace services in 2022. Prepayments, deposits and other receivables increased from RMB28.4 million as of December 31, 2022 to RMB38.1 million as of December 31, 2023, primarily due to the increases in (1) amounts due from payment platforms as a result of the increase in the number of rides we facilitated, and (2) issue cost along with the increase in the [REDACTED] we incurred in connection with the [REDACTED], partially offset by the decrease in amounts due from aggregation platform as we ceased the collaboration with certain aggregation platforms in relation to our carpooling marketplace services in December 2022 and taxi online-hailing services in December 2022 and February 2023.

As of April 30, 2024, all of the amounts due from payment platforms as of December 31, 2023 had been withdrawn, and approximately RMB0.4 million, or 85.9% of the amounts due from aggregation platforms as of December 31, 2023, had been settled.

### Financial Assets at Fair Value through Profit or Loss

We had financial assets at fair value through profit or loss of RMB220.3 million, RMB150.7 million and RMB352.8 million as of December 31, 2021, 2022 and 2023, respectively, which represented our wealth management products purchased from a reputable licensed commercial bank in China. During the Track Record Period, we purchased open-ended and redeemable wealth management products with the annualized weighted average rate of return of 2.49%, 1.79% and 2.06% for 2021, 2022 and 2023, respectively.

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We may continue to invest in similar wealth management products in the future using our surplus cash. Upon [REDACTED], our investment in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules. Our Board and the finance department are mainly responsible for making, implementing and supervising our investment decisions. During the Track Record Period, we had implemented the following investment and treasury policies:

- our Board is responsible for the overall planning and approval of our investment in wealth management products. Specifically, our senior finance director and Mr. JIANG Zhenyu, our chief financial officer, review our surplus cash condition and budget provided by our fund specialists in our finance department. Our senior finance director is authorized to approve for investment in wealth management products with amount less than RMB5.0 million. Mr. JIANG Zhenyu is authorized to approve for investment in wealth management products with amount between RMB5.0 million to RMB50.0 million. Investment in wealth management products with amount over RMB50.0 million will be reported to Mr. SONG, our founder, chairman and chief executive officer, for approval;
- our finance department is responsible for the analysis and research of investment in wealth management products, as well as the long-term routine management of such investment;
- investments in wealth management products could be made when we have surplus cash that is not required for our short-term working capital purposes;
- we mainly make investments in short-term wealth management products with low risk, high liquidity and reasonable returns; and
- we assess the risk associated with the underlying financial instruments based on the risk classification provided by the issuing licensed commercial bank.

### *Fair Value Measurements*

We measure our financial instruments at fair value for financial reporting purposes. Our Board has set up a valuation committee, led by our chief financial officer, to determine the appropriate valuation techniques and inputs for fair value measurements.

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

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



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In estimating the fair value, we use market-observable data to the extent it is available. Where Level 1 inputs are not available, we engage third-party qualified valuers to perform the valuation. Our valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Our chief financial officer reports the valuation committee’s findings to our Board every quarter to explain the cause of fluctuations in the fair value. The following table sets forth the fair value of our financial instruments as of the dates indicated.

	Fair Value as of December 31,			Fair Value Hierarchy	Valuation Technique and Key Input	Significant Unobservable Input
	2021	2022	2023			
	(RMB in thousands)					
Financial assets at fair value through profit or loss . . . . .	220,308	150,740	352,834	Level 2	Discounted cash flow <sup>(1)</sup>	N/A
Convertible redeemable preferred shares . . . . .	4,228,245	4,465,607	4,256,162	Level 3	Discounted cash flow <sup>(2)</sup>	Weighted average cost of capital and long-term revenue growth rates, taking into account management’s experience and knowledge of market conditions.

(1) Future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.

(2) The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate weighted average cost of capital.

We have used the discounted cash flow method to determine the underlying share value and adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period based on valuation reports carried out by the third-party qualified valuer. See “—Material Accounting Policy Information, Estimates and Assumptions—Financial Instruments—Preferred Shares” for key valuation assumptions used to determine the fair value of Preferred Shares.

In relation to the valuation of level 3 instruments, our Directors have (1) reviewed the terms of agreements relating to the instruments; (2) engaged third-party qualified valuers, provided necessary financial and non-financial information to the valuers for them to assess our performed valuation procedures and discussed with the valuers on relevant assumptions; (3) carefully considered all information especially those non-market related information input, such as the weighted average cost of capital, revenue projection and long-term revenue growth rate, which required management assessment and estimates; and (4) reviewed the valuation reports prepared by the valuers. Based on the above procedures and the professional advice received, our Directors are of the view that the valuation analysis performed on level 3 instruments is fair and reasonable and the financial

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statements of our Group are properly prepared. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the level 3 instruments. See Note 4 to the Accountants’ Report in Appendix I to this document for more details.

The details on the fair value measurement of the financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 33 to the Accountants’ Report in Appendix I to this document. The Reporting Accountant has carried out necessary audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on our historical financial information for the Track Record Period as a whole in Appendix I to this document. The Reporting Accountant’s opinion on our historical financial information for the Track Record Period as a whole is set out Appendix I to this document.

With respect to the valuation of level 3 instruments, the Joint Sponsors have taken the following due diligence work: (1) interviewing the external valuer about the assumptions and methodology used for the valuation of the financial instruments categorised within Level 3 of fair value measurement; (2) obtaining and inspecting the credentials of the external valuer to ascertain its expertise and industry experience; (3) discussing with the Company to understand the key basis and assumptions for the valuation of the financial instruments categorised within Level 3 of fair value measurement; (4) discussing with the Reporting Accountants pertaining to the audit procedure conducted in this regard; (5) reviewing relevant notes and disclosure in the Accountants’ Report in Appendix I to this document; and (6) obtaining and reviewing the relevant subscription agreements regarding the financial instruments of the Company. Having considered the work done by the Directors and the Reporting Accountants and the relevant due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause the Joint Sponsors to question the valuation performed by the external valuer on the financial instruments categorised within Level 3 of fair value measurement.

### **Bank Balances and Cash**

We had bank balances and cash of RMB486.3 million, RMB663.2 million and RMB685.5 million as of December 31, 2021, 2022 and 2023, respectively.

### **Restricted Cash**

Restricted cash represented payables to and account balance of users that were held on the bank account escrowed by a licensed commercial bank. We had restricted cash of RMB289.1 million, RMB277.8 million and RMB386.6 million as of December 31, 2021, 2022 and 2023, respectively.

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### Trade and Other Payables

We had trade and other payables of RMB531.7 million, RMB511.3 million and RMB622.2 million as of December 31, 2021, 2022 and 2023, respectively. The following table sets forth the components of trade and other payables as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Payables to users . . . . .	480,455	442,045	538,256
Payroll payables . . . . .	20,453	28,351	30,845
Trade payables . . . . .	10,389	8,315	22,882
Other tax payables . . . . .	7,166	5,748	6,739
Accrued expenses . . . . .	6,442	11,210	6,964
Accrued [REDACTED] . . . . .	1,945	9,377	9,309
Accrued issue cost . . . . .	—	1,302	1,178
Other payables <sup>(1)</sup> . . . . .	4,820	5,001	6,052
<b>Total</b> . . . . .	<b>531,670</b>	<b>511,349</b>	<b>622,225</b>

(1) Include primarily payables to marketing and promotion service providers, outsourced customer service staff and third-party consultants, and withholding of individual social insurance and housing reserve fund contributions.

Payables to users primarily represented the balance of our private car owners’ and taxi drivers’ user accounts on our platform that they have not withdrawn yet, including (1) payables to and account balance of users that were held in the bank account escrowed by a licensed commercial bank, which were recorded as restricted cash on our balance sheet and (2) other account balance of users which were incurred before we started to use the bank account escrowed by the commercial bank. After we put into use such escrow bank account on November 9, 2020, all the funds received from the riders and payable to the drivers are maintained in an account escrowed by the commercial bank and managed separately from other funds of our Group. For our historical practice of user funds management before using the escrowed bank account and the associated risks, see “Risk Factors—Risks Relating to Our Business and Industry—We may be considered as conducting payment services as a non-financial institution without a Payment Business Permit.” Private car owners and taxi drivers may withdraw the funds on a daily basis. See “Business—Our Service Offerings—Carpooling Marketplace—Pricing and payment settlement” and “Business—Our Service Offerings—Smart Taxi Services—Taxi online-hailing—Pricing and payment settlement.” Payables to users also included account balance of carpooling riders that has not been withdrawn as of the reporting date, which represented primarily the complete or partial refund of prepayment from carpooling riders for rides that were subsequently discounted or canceled. Such payables to users could be used for future trips or withdrawn by carpooling riders. The unused balance is recorded as a current liability at the balance sheet date and included in trade and other payables. The following table sets forth the breakdown of our payables to users outstanding as of the dates indicated.

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	As of December 31,					
	2021		2022		2023	
	Total amount	Per user <sup>(1)</sup>	Total amount	Per user <sup>(1)</sup>	Total amount	Per user <sup>(1)</sup>
	(RMB in thousands)	(RMB)	(RMB in thousands)	(RMB)	(RMB in thousands)	(RMB)
Payables to private car owners who did not act as carpooling riders . . . . .	183,298	98.8	183,411	92.9	255,815	109.9
Payables to private car owners who also acted as carpooling riders . . . . .	173,262	129.0	152,119	118.7	179,635	131.0
Payables to taxi drivers . . . . .	21,564	68.4	16,029	52.9	12,888	43.5
Payables to carpooling riders . . . . .	102,331	24.8	90,486	24.0	89,918	25.3
<b>Total . . . . .</b>	<b>480,455</b>	<b>—</b>	<b>442,045</b>	<b>—</b>	<b>538,256</b>	<b>—</b>

(1) The per user payables were calculated based on the respective total outstanding amount of payables to private car owners/taxi drivers/carpooling riders as of the relevant date, divided by the respective total number of private car owners/taxi drivers/carpooling riders who had positive account balance as of the same relevant date.

The following table sets forth the distribution of range of the balances per user as illustrated by the percentage of total number of user accounts as of the dates indicated.

	Percentage of total number of user accounts as of December 31,		
	2021	2022	2023
<b>Range of the balances for each user account</b>			
<b>Private car owners who do not act as carpooling riders</b>			
No more than RMB10 . . . . .	30.0%	32.9%	31.3%
Over RMB10 and no more than RMB50 . . . . .	29.2%	28.5%	26.8%
Over RMB50 and no more than RMB100 . . . . .	17.1%	16.3%	16.4%
Over RMB100 . . . . .	23.7%	22.3%	25.5%
<b>Private car owners who also act as carpooling riders</b>			
No more than RMB10 . . . . .	25.0%	27.1%	26.4%
Over RMB10 and no more than RMB50 . . . . .	28.4%	28.9%	28.1%
Over RMB50 and no more than RMB100 . . . . .	17.6%	17.2%	17.0%
Over RMB100 . . . . .	29.0%	26.8%	28.5%
<b>Taxi drivers</b>			
No more than RMB10 . . . . .	43.0%	47.4%	50.9%
Over RMB10 and no more than RMB50 . . . . .	32.3%	32.8%	32.2%
Over RMB50 and no more than RMB100 . . . . .	10.6%	9.3%	8.5%
Over RMB100 . . . . .	14.1%	10.5%	8.4%

## FINANCIAL INFORMATION

	Percentage of total number of user accounts as of December 31,		
	2021	2022	2023
	<b>Carpooling riders</b>		
No more than RMB10 . . . . .	59.5%	58.6%	58.3%
Over RMB10 and no more than RMB50 . . . . .	29.0%	29.6%	29.9%
Over RMB50 and no more than RMB100 . . . . .	7.5%	7.8%	7.8%
Over RMB100 . . . . .	4.0%	4.0%	4.0%

Our payables to users decreased from RMB480.5 million as of December 31, 2021 to RMB442.0 million as of December 31, 2022 due to user withdrawals. Our payables to users increased to RMB538.3 million as of December 31, 2023 along with the expansion of our user base and the increase in the number of rides we facilitated. Notwithstanding our policy on withdrawing account balance, we recorded relatively large amount of payables to users during the Track Record Period, primarily because (1) our user base increased during the Track Record Period, (2) particular private car owners may not withdraw funds from their accounts as frequently as expected given that the ride fares they earned were not their main source of income, (3) carpooling riders and private car owners who also acted as carpooling riders may maintain their account balance to pay future rides requested on our platform, (4) we provided subsidies, partially in the form of rewards, to encourage private car owners and taxi drivers to use our platform, which were recorded as payables to users before being withdrawn by users, and (5) some users have become inactive and left their account balance on our platform due to the COVID-19 pandemic. From a per capita perspective, payables to carpooling riders generally remained stable during the Track Record Period, and payables to private car owners and taxi drivers generally decreased as of December 31, 2021 and 2022. The per capita payables to private car owners increased as of December 31, 2023 along with the expansion of our user base and the increase in the number of rides we facilitated.

We have adequate capital and banking facilities to maintain a sufficient level of cash flow for operations against any potential material withdrawal of payables by the relevant users, considering that (1) we had bank balances and cash of RMB685.5 million as of December 31, 2023, which are highly liquid and can be utilized anytime; (2) we had restricted cash of RMB386.6 million as of the same date, representing payables to and account balance of users that were held on the bank account escrowed by a licensed commercial bank, which can be used for repayments to the users; and (3) we had financial assets at fair value through profit or loss of RMB352.8 million as of the same date, representing primarily the short-term wealth management products we purchased from a reputable licensed commercial bank in China, which are highly liquid with no fixed term and can be withdrawn anytime.

## FINANCIAL INFORMATION

The following table sets forth an aging analysis of the payables to users as of the dates indicated based on the date of occurrence.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Within 15 days . . . . .	92,830	53,412	95,990
16 days to 30 days . . . . .	29,795	21,793	31,807
31 days to 60 days . . . . .	32,303	24,616	35,614
61 days to 90 days . . . . .	26,724	24,639	27,230
91 days to 180 days . . . . .	44,909	48,263	53,463
181 days to 360 days . . . . .	52,424	39,065	59,603
361 days to 720 days . . . . .	78,652	57,737	40,967
Over 720 days . . . . .	122,818	172,520	193,582
<b>Total</b> . . . . .	<b>480,455</b>	<b>442,045</b>	<b>538,256</b>

As of December 31, 2023, RMB347.6 million, or approximately 64.6% of our payables to users, were aged over 90 days, primarily because (1) private car owners may not withdraw funds from their accounts as frequently as expected given that the ride fares they earned were not their main source of income and that most user accounts had a balance of no more than RMB10, (2) during the Track Record Period, especially during the COVID-19 outbreak, some riders have become inactive for a relatively long time and left their account balance on our platform, and (3) we recorded relatively large amount of payables to users along with the expansion of our user base and the increase in the number of rides we facilitated as of December 31, 2023, and our users tended to maintain their account balance to pay future rides on our platform.

Payables to users are financial liabilities arising from the contractual right of the users to collect such amounts we owed to users. Such contractual right only expires when the amount is paid to users. IFRS 9 Financial Instruments requires that an entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, which is when the obligation specified in the contract is discharged or cancelled or expires. As such, we will not remove the balances of payables to users, including long overdue balances, until users collect the amount. As a result, the account balances of inactive users will continue to accumulate over time, leading to an increasing balance of aged payables to users. Although we recorded RMB193.6 million payables to users that aged over 720 days as of December 31, 2023, the per user amount for those users with accounts of outstanding balances aged over 720 days was only RMB31.9.

## FINANCIAL INFORMATION

The following table sets forth the aging analysis of the payables to each category of users as of the dates indicated based on the date of occurrence.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Payables to private car owners who did not act as carpooling riders . . . . .	<b>183,298</b>	<b>183,411</b>	<b>255,815</b>
Within 15 days . . . . .	43,220	29,562	56,922
16 days to 30 days . . . . .	14,795	11,911	19,472
31 days to 60 days . . . . .	15,355	12,941	21,024
61 days to 90 days . . . . .	12,758	13,519	16,038
91 days to 180 days . . . . .	19,507	25,164	30,298
181 days to 360 days . . . . .	21,229	19,643	33,497
361 days to 720 days . . . . .	23,769	23,865	21,030
Over 720 days . . . . .	32,665	46,806	57,534
Payables to private car owners who also acted as carpooling riders . . . . .	<b>173,262</b>	<b>152,119</b>	<b>179,635</b>
Within 15 days . . . . .	30,320	14,868	27,273
16 days to 30 days . . . . .	12,206	7,808	11,411
31 days to 60 days . . . . .	14,451	9,792	13,458
61 days to 90 days . . . . .	12,291	9,811	10,323
91 days to 180 days . . . . .	21,709	20,324	21,412
181 days to 360 days . . . . .	24,000	17,030	23,717
361 days to 720 days . . . . .	27,536	26,497	16,692
Over 720 days . . . . .	30,749	45,989	55,349
Payables to taxi drivers . . . . .	<b>21,564</b>	<b>16,029</b>	<b>12,888</b>
Within 15 days . . . . .	8,513	3,141	1,955
16 days to 30 days . . . . .	2,548	1,881	830
31 days to 60 days . . . . .	2,080	1,580	950
61 days to 90 days . . . . .	1,134	942	644
91 days to 180 days . . . . .	1,645	1,565	1,095
181 days to 360 days . . . . .	1,186	1,354	1,085
361 days to 720 days . . . . .	1,571	1,543	1,248
Over 720 days . . . . .	2,887	4,023	5,081
Payables to carpooling riders . . . . .	<b>102,331</b>	<b>90,486</b>	<b>89,918</b>
Within 15 days . . . . .	10,777	5,841	9,840
16 days to 30 days . . . . .	246	193	94
31 days to 60 days . . . . .	417	303	182
61 days to 90 days . . . . .	541	367	225
91 days to 180 days . . . . .	2,048	1,210	658
181 days to 360 days . . . . .	6,009	1,038	1,304
361 days to 720 days . . . . .	25,776	5,832	1,997
Over 720 days . . . . .	56,517	75,702	75,618
<b>Total</b> . . . . .	<b>480,455</b>	<b>442,045</b>	<b>538,256</b>



## FINANCIAL INFORMATION

As of April 30, 2024, approximately RMB214.9 million, or 39.9% of our payables to users as of December 31, 2023, had been settled. The following table sets forth a breakdown of the subsequent settlement for payables to users by category of users as of April 30, 2024.

	Settlement amount as of April 30, 2024	Percentage of the balance as of December 31, 2023
	(RMB in thousands)	(%)
Payables to private car owners who did not act as carpooling riders . . . . .	<b>123,013</b>	<b>48.1</b>
Within 15 days . . . . .	52,913	93.0
16 days to 30 days . . . . .	15,797	81.1
31 days to 60 days . . . . .	14,562	69.3
61 days to 90 days . . . . .	9,261	57.7
91 days to 180 days . . . . .	14,003	46.2
181 days to 360 days . . . . .	10,802	32.2
361 days to 720 days . . . . .	3,514	16.7
Over 720 days . . . . .	2,161	3.8
Payables to private car owners who also acted as carpooling riders . . . . .	<b>75,730</b>	<b>42.2</b>
Within 15 days . . . . .	24,714	90.6
16 days to 30 days . . . . .	9,189	80.5
31 days to 60 days . . . . .	9,458	70.3
61 days to 90 days . . . . .	6,231	60.4
91 days to 180 days . . . . .	26,138	22.3
181 days to 360 days . . . . .	8,538	36.0
361 days to 720 days . . . . .	3,494	20.9
Over 720 days . . . . .	3,653	6.6
Payables to taxi drivers . . . . .	<b>4,923</b>	<b>38.2</b>
Within 15 days . . . . .	1,835	93.9
16 days to 30 days . . . . .	718	86.5
31 days to 60 days . . . . .	734	77.3
61 days to 90 days . . . . .	427	66.3
91 days to 180 days . . . . .	590	53.9
181 days to 360 days . . . . .	399	36.8
361 days to 720 days . . . . .	136	10.9
Over 720 days . . . . .	84	1.7

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	Settlement amount as of April 30, 2024	Percentage of the balance as of December 31, 2023
	(RMB in thousands)	(%)
Payables to carpooling riders .....	11,264	12.5
Within 15 days .....	9,768	99.3
16 days to 30 days .....	37	39.4
31 days to 60 days .....	61	33.5
61 days to 90 days .....	64	28.4
91 days to 180 days .....	124	18.8
181 days to 360 days .....	161	12.3
361 days to 720 days .....	95	4.8
Over 720 days .....	954	1.3
<b>Total</b> .....	<b>214,930</b>	<b>39.9</b>

Payroll payables increased as of December 31, 2021, 2022 and 2023, primarily due to the increase in the number of our employees in line with our business expansion.

Our trade payables primarily represented fees payable to our suppliers for operational and maintenance services (such as cloud services), security services, outsourcing advertising services and insurance services for carpooling rides we facilitated. Our trade payables decreased from RMB10.4 million as of December 31, 2021 to RMB8.3 million as of December 31, 2022, primarily due to the decrease in fees payable that remained within the credit period. Our trade payables increased to RMB22.9 million as of December 31, 2023, primarily due to the increase in fees payable to our suppliers as a result of (1) our growing demand for operational and maintenance cloud services and insurance services in line with our business growth and (2) the trade payables to our newly cooperated aggregation platform in relation to our carpooling marketplace services.

The following table sets forth an aging analysis of our trade payables as of the dates indicated based on the invoice date.

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Within 90 days .....	10,383	6,514	21,716
91 to 180 days .....	6	1,648	1,153
181 days to one year .....	—	153	10
One to two years .....	—	—	3
<b>Total</b> .....	<b>10,389</b>	<b>8,315</b>	<b>22,882</b>

Our suppliers typically grant us an average credit period of up to 90 days. Most of our trade payables as of December 31, 2021, 2022 and 2023, respectively, were aged within 90 days based on the due date.

## FINANCIAL INFORMATION

The following table sets forth the number of our trade payables turnover days for the years indicated.

	Year ended December 31,		
	2021	2022	2023
Trade payables turnover days <sup>(1)</sup> . . . . .	25	24	27

(1) Trade payables turnover days was calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by the cost of services for the same period, and multiplied by 360.

Our trade payables turnover days increased from 24 days in 2022 to 27 days in 2023, primarily because the increase in our trade payables outpaced the increase in our cost of services as a result of (1) our growing demand for operational and maintenance cloud services and insurance services in line with our business growth and (2) the increased trade payables to our newly cooperated aggregation platform in relation to our carpooling marketplace services. As of April 30, 2024, approximately RMB22.4 million, or 97.8% of our trade payables as of December 31, 2023, had been settled.

## LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we have financed our operations primarily through cash generated from our operating activities and capital contribution from Shareholders. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, bank borrowings, [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time. We intend to continue to finance our working capital with cash generated from our operations, bank loans and other borrowings, [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time. We had bank balances and cash of RMB486.3 million, RMB663.2 million and RMB685.5 million as of December 31, 2021, 2022 and 2023, respectively. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, including bank balances and cash, anticipated cash flow from operations and other borrowings and [REDACTED] from the [REDACTED], our Directors are of the view that we have available sufficient working capital to meet our present and anticipated cash requirements for the next 12 months from the date of this document. Nothing material has come to the Joint Sponsors’ attention that would reasonably cause the Joint Sponsors to cast doubt on the aforementioned views of the Directors.

## FINANCIAL INFORMATION

### Cash Flows

The following table sets forth a summary of our consolidated statements of cash for years indicated.

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Operating cash flows before movement of working capital . . . . .	299,115	73,001	207,965
Changes in working capital . . . . .	(169,053)	21,091	5,942
Interest received . . . . .	5,350	13,299	16,313
Net cash generated from operating activities . . . . .	135,412	107,391	230,220
Net cash (used in)/generated from investing activities . . . . .	(100,346)	72,662	(197,707)
Net cash used in financing activities . . . . .	(67,209)	(3,515)	(10,250)
Net (decrease)/increase in cash and cash equivalents . . . . .	(32,143)	176,538	22,263
Cash and cash equivalents at beginning of the year . . . . .	520,309	486,299	663,230
Effect of foreign exchange rate changes . . . . .	(1,867)	393	29
Cash and cash equivalents at end of the year represented by bank balances and cash . . . . .	486,299	663,230	685,522

### *Net cash generated from operating activities*

Net cash generated from operating activities was RMB230.2 million in 2023, primarily due to profit before taxation of RMB320.3 million plus interest received of RMB16.3 million, as adjusted for (1) certain non-cash and non-operating items, primarily including change in fair value of Preferred Shares of RMB209.3 million resulting from the decreased valuation of our Company as of December 31, 2023 as a result of the prolonged equity market downturn, and share-based payment expenses of RMB110.4 million, (2) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in other payables and accrued expenses of RMB95.6 million resulting from the increase in our outsourced services along with our enhanced marketing efforts, and an increase in trade payables of RMB14.6 million primarily due to the increase in fees payable to our suppliers resulting from our growing demand for operational and maintenance cloud services and insurance services and our newly cooperated aggregation platform, and (3) partially offset by changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in restricted cash of RMB108.9 million resulting from the increase in the number of rides we facilitated.

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## FINANCIAL INFORMATION

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Net cash generated from operating activities was RMB107.4 million in 2022, primarily due to loss before taxation of RMB185.5 million plus interest received of RMB13.3 million, as adjusted for (1) certain non-cash and non-operating items, primarily including change in fair value of Preferred Shares of RMB234.1 million resulting from the increased valuation of our Company as of December 31, 2022 as a result of the industry recovery since December 2022 when the PRC government strategically adjusted pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus, and share-based payment expenses of RMB29.8 million, (2) changes in working capital that positively affected the cash flow from operating activities, primarily including a decrease in prepayments, deposits and other receivables of RMB18.5 million primarily due to the decrease in amounts due from payment platforms, and a decrease in trade receivables of RMB13.4 million primarily because we settled payments due from our corporate customers for advertising and other services, and (3) partially offset by changes in working capital that negatively affected the cash flow from operating activities, primarily including a decrease in other payables and accrued expenses of RMB18.5 million as our users withdrew funds from their account balances.

Net cash generated from operating activities was RMB135.4 million in 2021, primarily due to profit before taxation of RMB1,791.3 million plus interest received of RMB5.4 million, as adjusted for (1) certain non-cash and non-operating items, primarily including change in fair value of Preferred Shares of RMB1,521.2 million resulting from the decreased valuation of our Company as of December 31, 2021 as a result of the equity market downturn under the impact of COVID-19, and share-based payment expenses of RMB22.7 million, and (2) changes in working capital that negatively affected the cash flow from operating activities, primarily including a decrease in other payables and accrued expenses of RMB114.9 million as our users withdrew funds from their account balances, and an increase in restricted cash of RMB51.2 million which represented the account balance to be paid to users escrowed by a licensed commercial bank.

### *Net cash (used in)/generated from investing activities*

Net cash used in investing activities was RMB197.7 million in 2023, primarily due to purchase of financial assets at fair value through profit or loss of RMB195.0 million.

Net cash generated from investing activities was RMB72.7 million in 2022, primarily due to proceed from disposal of financial assets at fair value through profit or loss of RMB874.6 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB800.0 million.

Net cash used in investing activities was RMB100.3 million in 2021, primarily due to purchase of financial assets at fair value through profit or loss of RMB640.0 million, partially offset by proceed from disposal of financial assets at fair value through profit or loss of RMB545.6 million.

## FINANCIAL INFORMATION

### *Net cash used in financing activities*

Net cash used in financing activities was RMB10.3 million in 2023, primarily consisting of repayment of lease liabilities of RMB6.5 million and payment of issue costs of RMB3.5 million.

Net cash used in financing activities was RMB3.5 million in 2022, primarily consisting of repayment of lease liabilities of RMB3.1 million.

Net cash used in financing activities was RMB67.2 million in 2021, primarily consisting of repurchase of stock of RMB61.6 million and repayment of lease liabilities of RMB4.2 million.

### **Current Assets and Current Liabilities**

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of
	2021	2022	2023	April 30, 2024
	(RMB in thousands)			(Unaudited)
<b>Current assets</b>				
Trade receivables . . . . .	34,714	20,096	11,890	6,832
Prepayments, deposits and other receivables . . .	46,736	28,443	38,124	46,561
Financial assets at fair value through profit or loss . . . . .	220,308	150,740	352,834	50,178
Bank balances and cash . . . . .	486,299	663,230	685,522	1,045,561
Restricted cash . . . . .	289,144	277,775	386,632	423,350
<b>Total current assets . . . . .</b>	<b>1,077,201</b>	<b>1,140,284</b>	<b>1,475,002</b>	<b>1,572,482</b>
<b>Current liabilities</b>				
Trade and other payables . . . . .	531,670	511,349	622,225	642,909
Lease liabilities . . . . .	563	4,548	2,565	5,771
Contract liabilities . . . . .	136	96	—	1,200
Convertible redeemable preferred shares . . . . .	2,342,487	4,465,607	4,256,162	4,084,752
<b>Total current liabilities . . . . .</b>	<b>2,874,856</b>	<b>4,981,600</b>	<b>4,880,952</b>	<b>4,734,632</b>
<b>Net current liabilities . . . . .</b>	<b>(1,797,655)</b>	<b>(3,841,316)</b>	<b>(3,405,950)</b>	<b>(3,162,150)</b>

We had net current liabilities of RMB1,797.7 million, RMB3,841.3 million, RMB3,406.0 million and RMB3,162.2 million as of December 31, 2021, 2022 and 2023 and April 30, 2024, respectively. Our net current liabilities increased from RMB1,797.7 million as of December 31, 2021 to RMB3,841.3 million as of December 31, 2022, primarily due to the increase in the current portion of the Preferred Shares, as the fair value of the Preferred Shares with the redemption date of less than one year from the balance sheet date were recorded as current liabilities under the IFRS. Our net current liabilities decreased to RMB3,406.0 million as of December 31, 2023, primarily due to (1) the increase in financial assets at fair value through profit or loss which represented our wealth management products purchased from a reputable licensed commercial bank in China, and (2) the

## FINANCIAL INFORMATION

decrease in the current portion of the Preferred Shares. Our net current liabilities decreased to RMB3,162.2 million as of April 30, 2024, which was similarly attributable to the decrease in convertible redeemable preferred shares recorded as current liabilities. All the Preferred Shares will be automatically converted into Ordinary Shares at no additional consideration upon completion of the [REDACTED] and, accordingly, we expect to record net current assets following the [REDACTED].

### CAPITAL EXPENDITURES AND COMMITMENTS

#### Capital Expenditures

During the Track Record Period, our capital expenditures were RMB5.9 million, RMB1.2 million and RMB2.2 million in 2021, 2022 and 2023, respectively, primarily consisting of purchase of property, plant and equipment, intangible assets and office renovation expenditures.

#### Capital Commitments

During the Track Record Period and up to the Latest Practicable Date, we did not have any capital commitments.

### INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			(Unaudited)
Lease Liabilities . . . . .	905	5,134	4,464	13,842
Convertible redeemable preferred shares . . . . .	4,228,245	4,465,607	4,256,162	4,084,752
<b>Total</b> . . . . .	<b>4,229,150</b>	<b>4,470,741</b>	<b>4,260,626</b>	<b>4,098,594</b>

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

#### Borrowings

As of April 30, 2024, being the latest practicable date for the purpose of this indebtedness statement, we had no bank loans or unutilized banking facilities.



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### Lease Liabilities

The following table sets forth the breakdown of our lease liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			(Unaudited)
<b>Lease liabilities</b>				
Non-current portion . . . . .	342	586	1,899	8,071
Current portion . . . . .	563	4,548	2,565	5,771

Saved as disclosed above, as of April 30, 2024, we had no bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2024.

### Convertible Redeemable Preferred Shares

As of December 31, 2021, 2022 and 2023 and April 30, 2024, the Preferred Shares had fair values of RMB4,228.2 million, RMB4,465.6 million, RMB4,256.2 million and RMB4,098.6 million, respectively. See Note 25 to the Accountants’ Report in Appendix I to this document for more details.

We have used the discounted cash flow method to determine the underlying share value and adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period. See “—Material Accounting Policy Information, Estimates and Assumptions—Financial Instruments—Preferred Shares” for key valuation assumptions used to determine the fair value of Preferred Shares.

### CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

## FINANCIAL INFORMATION

[REDACTED]

We expect to incur a total of approximately RMB[REDACTED] million (HK\$[REDACTED] million) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] between HK\$[REDACTED] and HK\$[REDACTED], and assuming that the [REDACTED] is not exercised), including (1) [REDACTED]-related fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (2) non-[REDACTED] related expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million), and (ii) other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). As of December 31, 2023, out of the expected [REDACTED], we incurred approximately RMB[REDACTED] million, out of which approximately RMB[REDACTED] million was charged to our consolidated statements of profit or loss, while the remaining amount of approximately RMB[REDACTED] million directly attributable to the issuance of Shares will be deducted from equity upon the completion of the [REDACTED]. We expect to further incur [REDACTED] of approximately RMB[REDACTED] million upon the completion of the [REDACTED], out of which approximately RMB[REDACTED] million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

### KEY FINANCIAL RATIOS

The following tables set forth certain of our key financial ratios as of the dates and for the years indicated.

	Year ended December 31,		
	2021	2022	2023
<b>Profitability ratios</b>			
Gross profit margin <sup>(1)</sup> . . . . .	80.9%	75.1%	74.3%
Adjusted net profit margin (non-IFRS measure) <sup>(2)</sup> . . . . .	30.5%	14.9%	27.7%

(1) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(2) The calculation of adjusted net profit margin, a non-IFRS measure, is based on adjusted net profit divided by revenue for the respective year and multiplied by 100.0%. See “—Description of Major Profit or Loss Line Items—Non-IFRS Measure.”

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	As of December 31,		
	2021	2022	2023
<b>Liquidity ratio</b>			
Current ratio <sup>(1)</sup> .....	0.4	0.2	0.3

(1) The calculation of current ratio is based on current assets divided by current liabilities as of year end.

### Analysis of Key Financial Ratios

#### *Gross profit margin and adjusted net profit margin (non-IFRS measure)*

See “—Year to Year Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin and adjusted net profit margin (non-IFRS measure) during the Track Record Period.

#### *Current ratio*

Our current ratio decreased from 0.4 as of December 31, 2021 to 0.2 as of December 31, 2022, primarily due to the increase in the current portion of the Preferred Shares, as the fair value of the Preferred Shares with the redemption date of less than one year from the balance sheet date were recorded as current liabilities. Our current ratio remained relatively stable at 0.3 as of December 31, 2023.

### RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. For more details about our related party transactions during the Track Record Period, see Note 36 to the Accountants’ Report in Appendix I to this document. Our Directors believe that each of the related party transactions set out in Note 36 to the Accountants’ Report in Appendix I to this document was conducted on an arm’s length basis and would not distort our track record results or make our historical results not reflective of our future performance.

### QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our major financial instruments include trade and other receivables, financial assets at fair value through profit or loss, amounts due from and due to related parties, bank balances and cash, trade and other payables, Preferred Shares, and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, price risk, credit risk and liquidity risk. Our Directors manage and monitor our exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

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### **Currency Risk**

We have several subsidiaries which have foreign currency financing activities, exposing us to foreign currency risk. The following sensitivity analysis has been determined based on the exposure to foreign currency rates. The analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A 5% increase or decrease is used when reporting foreign currency rate risk internally to key management personnel and represents our Directors’ assessment of the reasonably possible change in foreign currency rates. If RMB had been appreciated or depreciated 5% against the foreign currency and all other variables were held constant, our post-tax profit for 2021, 2022 and 2023 would have decreased or increased by RMB212,000, RMB196,000 and RMB45,000, respectively. This is mainly attributable to our exposure to the foreign currency bank balance as of December 31, 2021, 2022 and 2023.

### **Interest Rate Risk**

We are exposed to fair value interest rate risk in relation to fixed-rate borrowings from a related party and lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Our Directors consider that the impact to our profit or loss for the respective years are insignificant for a reasonable change in the market interest rate.

### **Price Risk**

We are exposed to other price risk through our investments in wealth management products measured at fair value through profit or loss and Preferred Shares. We consider that the other price risk of our investments in the wealth management products is limited as the maturity periods of these products are short.

### **Credit Risk**

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk is primarily attributable to our trade receivables, bank balances, other receivables and wealth management products. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

### **Liquidity Risk**

To manage the liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. See Note 32 to the Accountants’ Report in Appendix I to this document for more details.

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### DIVIDEND POLICY

During the Track Record Period, we did not pay or declare any dividend. According to our dividend policy adopted on [●], the Articles of Association and applicable laws and regulations, the determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

As advised by our Cayman legal advisors, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

### DISTRIBUTABLE RESERVES

We had no reserve available for distribution to the Shareholders as of December 31, 2023.

### DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

### COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

Since the COVID-19 outbreak, a series of precautionary and control measures have been implemented worldwide to contain the virus. The imposition of restrictive measures aimed at containing the spread of COVID-19, such as workplace closures and travel restrictions, had adversely affected the demand and supply of carpooling and taxi services during the COVID-19 outbreak. As a result, the carpooling and taxi industries in China were negatively impacted, which in turn adversely affected our business, results of operations and financial condition. In December 2022, the PRC government at all levels strategically adjusted pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus. As a result, the demand and supply of mobility services has gradually recovered.

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that although the COVID-19 pandemic adversely affected our business during the Track Record Period, as of the date of this document, the impact of pandemic to our Group’s business operation has been temporary considering the recovery of the market and our business.

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### Impact on Our Business

During the Track Record Period, our business operations were adversely affected by the COVID-19 resurgence in multiple localities and the corresponding governmental precautionary and control measures. For example, in 2021 and 2022, we facilitated approximately 129.7 million and 94.2 million carpooling rides, respectively. Furthermore, from 2021 to 2022, the number of taxi online-hailing rides we facilitated and the corresponding GTV generally decreased, primarily due to the adverse impact of the COVID-19 pandemic on China’s taxi industry and the regional resurgence of COVID-19 in multiple localities where we provided taxi online-hailing services.

Our business volume has experienced a recovery to the pre-COVID-19 level in 2023. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million carpooling rides we facilitated in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from the GTV of approximately RMB6.1 billion in 2022. In the long run, established carpooling marketplace and taxi online-hailing platforms with advanced technologies and proven market acceptance are poised to promptly react to evolving demand, maximize user satisfaction and trust, drive industry recovery, and strengthen their market position in the post-COVID era, according to the F&S Report. As of December 31, 2023, we offered our carpooling marketplace services in 366 cities, and we had charged service fees to taxi drivers in 85 cities as of the Latest Practicable Date. Going forward, we will continue to leverage the network effect of our platform to grow our user base by optimizing our service offerings and improving user experience. See “Summary—Recent Business Developments” and “Future Plans and [REDACTED].”

### Impact on Our Operations

Our offices have resumed operation since mid-July 2022 in accordance with the local government policies. As a technology company, all of our core functions can be performed remotely. Under our telecommuting work arrangement, our employees may work from home using computers to perform their tasks and communicate with each other via conference calls and other instant communication means. As of the Latest Practicable Date, we had not experienced any material interruption to our business operations.

### Impact on Our Employees

We did not experience any material employee loss due to the COVID-19 outbreak as of the Latest Practicable Date.

### Impact on Our Supply Chain

Our suppliers include primarily server hosting, bandwidth leasing, cloud computing, hardware equipment, security service and customer service vendors. Although the operations of our suppliers have been affected by the COVID-19 pandemic, we have not experienced any material negative impact on our business, primarily because (1) our operations did not substantially depend on the

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performance of our suppliers as they generally provide standard products and services that are readily available in the market, and (2) the impact of the COVID-19 pandemic on their operations did not affect their relations with us. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major supply chain disruption.

### **Our Precautionary Measures**

We adopted several precautionary measures to maintain a hygienic working environment, including purchasing disinfection products, distributing masks for employees, replacing the fingerprint system with facial recognition system, and purchasing air purifiers. During the Track Record Period, the total costs in connection with our precautionary measures amounted to approximately RMB26,000. We were not required to check the COVID-19 test results of our employees, private car owners and riders during the period when the local restrictive measures of the government were in effect, and did not incur material costs in this regard.

We are closely monitoring the development of the pandemic, as well as other health pandemics, natural disasters and extraordinary events, and continuously evaluating any potential impact on our business, results of operations and financial condition. See “Risk Factors—Risks Relating to Our Business and Industry—Any occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, results of operations and financial condition.”

### **NO MATERIAL ADVERSE CHANGE**

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and [REDACTED] positions or prospects since December 31, 2023, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since December 31, 2023 which would materially affect the information in the Accountants’ Report set out in Appendix I to this document.

### **UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED TANGIBLE ASSETS LESS LIABILITIES**

The following unaudited [REDACTED] adjusted consolidated tangible assets less liabilities has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the HKICPA for illustrative purposes only, and is set out here to illustrate the effect of the [REDACTED] on our audited consolidated tangible assets less liabilities as of December 31, 2023 as if it had taken place on that date.

Our unaudited [REDACTED] adjusted consolidated tangible assets less liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position of our Group had the [REDACTED] been completed as of December 31, 2023 or any future date. It is prepared based on our consolidated tangible assets less liabilities



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as of December 31, 2023 as set out in the Accountants’ Report in Appendix I to this document and adjusted as described below. The unaudited [REDACTED] adjusted consolidated tangible assets less liabilities does not form part of the Accountants’ Report as set out in Appendix I to this document.

	<b>Audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023<sup>(1)</sup></b>	<b>Estimated [REDACTED] from the [REDACTED]<sup>(2)</sup></b>	<b>Unaudited [REDACTED] adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023<sup>(6)</sup></b>	<b>Unaudited [REDACTED] adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 per Share<sup>(3)(5)</sup></b>	
	(RMB in thousands)			RMB	HK\$ <sup>(4)</sup>
Based on an [REDACTED] of HK\$[REDACTED] per Share . . . . .	(3,309,492)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share . . . . .	(3,309,492)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- (1) Our consolidated tangible assets less liabilities attributable to owners of our Company as of December 31, 2023 is extracted from the Accountants’ Report in Appendix I to this document, which is based on the audited consolidated net tangible liabilities of our Group attributable to owners of our Company as of December 31, 2023 of approximately RMB3,309.5 million.
- (2) The estimated [REDACTED] from the [REDACTED] are based on [REDACTED] new Shares to be issued at the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, being the lower limit and higher limit of the indicative range of the [REDACTED], respectively, after deduction of the estimated [REDACTED] (including [REDACTED] fees and other related expenses) expected to be incurred by our Company subsequent to December 31, 2023 and excluding the [REDACTED] already charged to the consolidated statements of profit or loss during the Tack Record Period. The calculation of such estimated [REDACTED] does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or issued or repurchased by us pursuant to our mandate, as referred to in Appendix IV in this document. For the purpose of calculating the estimated [REDACTED] from the [REDACTED], the estimated [REDACTED] from the [REDACTED] are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1.0 to RMB0.9093 prevailing on May 31, 2024 with reference to the rate published by the People’s Bank of China. No representation is made that Hong Kong dollars have been, would have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited [REDACTED] adjusted consolidated tangible assets less liabilities attributable to owners of our Company per Share is arrived after adjustments referred to in the preceding paragraphs and on the basis that [364,012,403] Shares are issued and outstanding immediately upon completion of the [REDACTED] (without taking into account of any Shares which may be allotted and issued upon exercise of the [REDACTED]), which is assumed to be on December 31, 2023 for the purpose of the [REDACTED] financial information, excluding 11,648,137 Shares held by Firefiles Limited as treasury stock as of December 31, 2023, which are reserved for grant of options or restricted shares under 2020 Share Incentive Scheme, as well as the automatic conversion of Preferred Shares into the Ordinary Shares upon the completion of the [REDACTED].

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- (4) The unaudited [REDACTED] forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9093, which was the exchange rate prevailing on May 31, 2024 with reference to the rate published by the People’s Bank of China. No representation is made that the RMB have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) As of December 31, 2023, the carrying amount of our Preferred Shares of RMB4,256.2 million was recognized as financial liabilities. The Preferred Shares shall automatically be converted without payment of any additional consideration into Ordinary Shares upon the closing of a qualified [REDACTED]. See Note 25 to the Accountants’ Report in Appendix I to this document. Assuming then conversion took place on December 31, 2023 on a one-to-one basis, the unaudited [REDACTED] adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company would have increased from approximately RMB[REDACTED] million to approximately RMB[REDACTED] million based on the [REDACTED] of HK\$[REDACTED] per Share, or from approximately RMB[REDACTED] million to approximately RMB[REDACTED] million based on the [REDACTED] of HK\$[REDACTED] per Share. The unaudited [REDACTED] adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share would have increased to RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]) based on the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively.
- (6) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 to reflect any [REDACTED] result or any transactions we entered into subsequent to December 31, 2023.